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Congressional Record

SEVENTY-SECOND CONGRESS, SECOND SESSION

SENATE

TUESDAY, JANUARY 24, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	King	Sheppard
Austin	Davis	La Follette	Shipstead
Bailey	Dickinson	Lewis	Shortridge
Bankhead	Dill	Logan	Smith
Barbour	Fess	Long	Smoot
Barkley	Fletcher	McGill	Steiwer
Bingham	Frazier	McKellar	Stephens
Black	George	McNary	Swanson
Blaine	Glass	Metcalf	Thomas, Idaho
Borah	Goldsborough	Moses	Thomas, Okla.
Bratton	Gore	Neely	Townsend
Brookhart	Grammer	Norbeck	Trammell
Bulkeley	Hale	Norris	Tydings
Bulow	Harrison	Nye	Vandenberg
Byrnes	Hastings	Oddie	Wagner
Capper	Hatfield	Patterson	Walcott
Caraway	Hayden	Pittman	Walsh, Mass.
Carey	Hebert	Reed	Walsh, Mont.
Connally	Howell	Reynolds	Watson
Coolidge	Hull	Robinson, Ark.	Wheeler
Copeland	Johnson	Robinson, Ind.	White
Costigan	Kean	Russell	
Couzens	Kendrick	Schall	
Cutting	Keyes	Schuyler	

The PRESIDENT pro tempore. Ninety-three Senators have answered to their names. A quorum is present.

THE WASHINGTON, D. C., POST OFFICE

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting draft of proposed legislation designed to place the Washington, D. C., post office under the custody and control of the Secretary of the Treasury to the same extent as courthouses, custom-houses, post offices, appraiser's stores, and other public buildings outside the District, which, with the accompanying paper, was referred to the Committee on Public Buildings and Grounds.

NAVAL STATION AND LIGHTHOUSE RESERVATION, KEY WEST, FLA.

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of Commerce, transmitting draft of proposed legislation to authorize the Secretary of the Navy and the Secretary of Commerce to exchange portions of the naval station and lighthouse reservation at Key West, Fla., which, with the accompanying paper, was referred to the Committee on Naval Affairs.

CHANGE IN DATE OF THE INAUGURATION

The VICE PRESIDENT laid before the Senate a letter from the Governor of Oklahoma, transmitting certified copy of the preamble and a concurrent resolution of the Legislature of the State of Oklahoma, which, with the accompanying papers, was ordered to lie on the table and to be printed in the RECORD, as follows:

STATE OF OKLAHOMA,
EXECUTIVE CHAMBER,
Oklahoma City, January 18, 1933.

To the honorable the PRESIDING OFFICER OF THE
UNITED STATES SENATE, Washington, D. C.
Washington, D. C.

SIR: I herewith transmit to you a certified copy of the preamble and concurrent resolution known as House Concurrent Resolution

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No. 1 of the Fourteenth Legislature of the State of Oklahoma, being a concurrent resolution ratifying a proposed amendment to the Constitution of the United States of America fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress.

The said house concurrent resolution was adopted by the House of Representatives of the Fourteenth Legislature of the State of Oklahoma January 13, 1933, and signed by Hon. Tom Anglin, speaker, and also passed by the Senate of the Fourteenth Legislature of the State of Oklahoma on the 13th day of January, 1933, and signed by Hon. Robert Burns, president of the senate, and the same was signed and approved by me, as Governor of the State of Oklahoma, on the 18th day of January, 1933.

I shall be glad to have your receipt for said inclosure.

Witness my hand this January 18, 1933.

By the Governor of the State of Oklahoma.

WM. H. MURRAY.

STATE OF OKLAHOMA,
DEPARTMENT OF STATE.

To all to whom these presents shall come, greeting:

I, R. A. Sneed, secretary of state of the State of Oklahoma, do hereby certify that the following and hereto attached is a true copy of enrolled House Concurrent Resolution No. 1 (by Graham and Roberts of the house and Nichols of the senate): Concurrent resolution ratifying a proposed amendment to the Constitution of the United States of America, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of State. Done at the city of Oklahoma City this 19th day of January, A. D. 1933.

[SEAL.]

R. A. SNEED,
Secretary of State.

House Concurrent Resolution 1 (by Graham and Roberts of the house and Nichols of the senate) ratifying a proposed amendment to the Constitution of the United States of America

Whereas both Houses of the Seventy-second Congress of the United States, by a constitutional majority of two-thirds thereof, made the following proposition to amend the Constitution of the United States in the following words, to wit:

"Concurrent resolution proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of said Constitution when ratified by the legislatures of the several States as provided in the Constitution:

"ARTICLE —

"SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"Sec. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission":

Therefore be it

Resolved by the Legislature of the State of Oklahoma—

SECTION 1. That the said proposed amendment to the Constitution of the United States of America be, and the same is hereby, ratified by the Legislature of Oklahoma.

Sec. 2. That certified copies of the preamble and concurrent resolution be forwarded by the governor of this State to the Secretary of State at Washington, to the Presiding Officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

Adopted by the house of representatives this the 13th day of January, 1933.

TOM ANGLIN,

Speaker of the House of Representatives.

Passed by the senate this the 13th day of January, 1933.

ROBERT BURNS,

President of the Senate.

Approved this 18th day of January, 1933, by the Governor of the State of Oklahoma.

WM. H. MURRAY.

Correctly enrolled.

JULIUS W. COX,

Acting Chairman Committee on Enrolled and Engrossed Bills.

The VICE PRESIDENT also laid before the Senate a letter from the Governor of Nebraska, transmitting certified copy of an act of the Legislature of the State of Nebraska, which, with the accompanying paper, was ordered to lie on the table and to be printed in the Record, as follows:

STATE OF NEBRASKA,
EXECUTIVE OFFICE,
Lincoln, January 19, 1933.

HON. CHARLES CURTIS,
President United States Senate,
Washington, D. C.

DEAR SIR: In accordance with the provisions of the bill as passed by the Nebraska Legislature, I am transmitting herewith a certified copy of Senate File No. 1, which is a bill ratifying a proposed amendment to the Constitution of the United States of America, fixing the commencement of the terms of the President and Vice President and Members of Congress, and fixing the time of the assembling of Congress.

Very truly yours,

CHARLES W. BRYAN,
Governor of Nebraska.

STATE OF NEBRASKA,
SECRETARY OF STATE.

I, Harry R. Swanson, secretary of state of the State of Nebraska, do hereby certify that the attached is a true and correct copy of Senate File No. 1, as passed by the 1933 session of the legislature.

This bill being an act for a joint and concurrent resolution ratifying a proposed amendment to the Constitution of the United States of America, fixing the commencement of the terms of the President and Vice President and Members of Congress, and fixing the time of the assembling of Congress.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Nebraska. Done at Lincoln this 18th day of January, A. D. 1933.

[SEAL.]

HARRY R. SWANSON,
Secretary of State.

Senate File No. 1 (Introduced by Senator W. C. Bullard, of Red Willow; Senator C. J. Warner, of Lancaster; Representative Marion J. Cushing, of Valley; and Representative W. H. Meyers, of Red Willow)

A bill for an act for a joint and concurrent resolution ratifying a proposed amendment to the Constitution of the United States of America, fixing the commencement of the terms of the President and Vice President and Members of Congress, and fixing the time of the assembling of Congress

Be it enacted by the people of the State of Nebraska—

PREAMBLE

Whereas before a proposed amendment to the Constitution of the United States may become valid and a part thereof, it should be ratified by the legislatures of three-fourths of the States; and

Whereas both houses of the Seventy-second Congress of the United States of America did propose, by a constitutional majority of two-thirds thereof, to amend the Constitution of the United States in the following words, to wit:

"Joint resolution proposing an amendment to the Constitution of the United States, fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of assembling of Congress

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of said Constitution when ratified by the legislatures of the several States as provided in the Constitution:

"ARTICLE

"SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"Sec. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"Sec. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"Sec. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"Sec. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"Sec. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission."

"JNO. N. GARNER,

Speaker of the House of Representatives,

"CHARLES CURTIS,

Vice President of the United States and President of the Senate.

"I certify that this joint resolution originated in the Senate.

"EDWIN P. THAYER, Secretary."

Therefore,

Be it enacted by the people of the State of Nebraska—

SECTION 1. That the above and foregoing proposed amendment to the Constitution of the United States of America be, and the same is, hereby ratified by the Legislature of the State of Nebraska.

Sec. 2. That certified copies of this joint and concurrent resolution be forwarded by the Governor of this State to the Secretary of State of the United States and to the presiding officers of each House of the National Congress.

WALTER H. JURGENSEN,
President of the Senate.

HOMER H. GRUENTHER,
Secretary of the Senate.

GEO. W. O'MALLEY,
Speaker of the House.

MAX ADAMS,
Chief Clerk of the House.

Approved: January 18, 1933, 11 o'clock a. m.

CHARLES W. BRYAN, Governor.

This is to certify that the within Senate file No. 1 originated in the Senate and passed the legislature at its forty-ninth session on the 13th day of January, 1933.

HOMER H. GRUENTHER,
Secretary of the Senate.

PETITIONS AND MEMORIALS

Mr. BROOKHART presented a memorial of sundry citizens of Humboldt County, Iowa, remonstrating against the passage of the bill (H. R. 13742) to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes, or any other measure that would "override the eighteenth amendment of the Federal Constitution," which was ordered to lie on the table.

He also presented the memorial of Rev. E. L. Sheldon and other citizens of Nevada, Iowa, remonstrating against the repeal of the eighteenth amendment to the Constitution or the modification of the national prohibition law, which was ordered to lie on the table.

Mr. BINGHAM presented a resolution adopted by Branch No. 32, Fleet Reserve Association, of Bridgeport, Conn., opposing any reduction in the pay of enlisted men of the Navy, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the regents and treasurers of chapters of the Connecticut Daughters of the American Revolution, assembled at New Haven, Conn., protesting against any reductions in appropriations for the

Army, Navy, and Marine Corps, and also any reduction in the personnel of such armed forces, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Hartford (Conn.) Chamber of Commerce, protesting against the adoption of the so-called domestic-allotment plan of agricultural relief, which was referred to the Committee on Agriculture and Forestry.

He also presented the petition of the Woman's Home Missionary Society of Kensington, Conn., praying for the prompt ratification of the World Court protocols, which was ordered to lie on the table.

Mr. CAPPER presented resolutions adopted by the Woman's Foreign Missionary Society of Manchester; the Nazarene Woman's Missionary Society, of Plainville; the Wyandotte County Women's Republican Club, of Kansas City, and local chapters of the Woman's Christian Temperance Union of Augusta, Garnett, Hazelton, Holton, Iola, Lawrence, Lecompton, Liberal, Little River, Manchester, Northbranch, Ottawa, Ransom, Robinson, Wathena, and Yates Center, all in the State of Kansas, favoring the passage of legislation to regulate and supervise the motion-picture industry, which were ordered to lie on the table.

He also presented resolutions adopted by local chapters of the Woman's Christian Temperance Union of Denison, Kennard, and Osborne; the Baptist Sunday School of Downs, and the Woman's Christian Temperance Union, together with a public meeting of citizens of Gardner, all in the State of Kansas, remonstrating against the repeal of the eighteenth amendment of the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

He also presented memorials numerous signed of the pastor and members of the London Heights Methodist Episcopal Church and sundry citizens of Kansas City, and of sundry citizens of Byers, Enterprise, and Wellington, all in the State of Kansas, remonstrating against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

Mr. GOLDSBOROUGH presented a resolution adopted by the Frederick County (Md.) Medical Society, opposing the furnishing by the Government of medical and surgical treatment to veterans, or their dependents, for disabilities not directly connected with the military service, which was referred to the Committee on Finance.

He also presented the petition of the Janet Montgomery Chapter, Daughters of the American Revolution of Maryland, praying for the prompt passage of the so-called Dies bill, being the bill (H. R. 12044) providing for the exclusion and expulsion of alien communists, which was ordered to lie on the table.

He also presented memorials of sundry citizens of Hagerstown and Smithburg, in the State of Maryland, remonstrating against the repeal of the eighteenth amendment to the Constitution or the modification of the national prohibition law so as to permit the manufacture and sale of beer, which were ordered to lie on the table.

He also presented resolutions adopted by the Tri-Towns Ministerial Association, representing the Protestant churches of Westernport and Luke, Md., and Piedmont, W. Va., and also by members of the Woman's Christian Temperance Union, of Aberdeen, protesting against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

TARIFF ON COPPER

Mr. VANDENBERG. Mr. President, the New York Evening Post in its issue of January 21, 1933, carried a succinct summary of the useful effects of the copper tariff which the Congress wisely attached to the revenue act one year ago. I ask for the publication of this information in the RECORD, and that the article be appropriately referred.

There being no objection, the article was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

[From the New York Evening Post of January 21, 1933]

TARIFF ON COPPER FOUND STABILIZER—INROADS OF FOREIGN PRODUCERS THAT THREATENED UNITED STATES MARKET ARE SEEN HALTED

By W. W. Lynch

The tariff on copper imposed by the revenue act of 1932 has been in effect for about six months. The question naturally arises as to whether it is benefiting the domestic copper industry as its proponents anticipated. This article purports to show that the tariff has changed the industry from a situation approaching hopelessness to one of steady recovery.

The fundamental cause which led the domestic producers and the communities involved to seek tariff protection was that foreign producers were making serious inroads on the American market and threatening thereby to destroy a considerable part of the American industry. Such a cause has been commonly recognized in the United States as prima facie evidence of tariff needs when the industry involved is competent to supply domestic requirements at a reasonable price. Such competency on the part of the domestic copper industry is too well known to be questioned.

Loss of home market is to be judged by facts of trade balance. The United States Tariff Commission reported to the Senate of the Seventy-second Congress as follows:

"Before the entry of the United States into the World War the excess of exports averaged, roughly, 200,000 short tons. . . . During 1929, 1930, and 1931, however, not only did the excess disappear, but imports were greater than exports."

SITUATION WAS SERIOUS

During the 12-month period preceding the imposition of the tariff the excess of imports over exports—even including manufactures and scrap—amounted to 228,000,000 pounds. Total domestic consumption in 1932 was about 600,000,000 pounds.

A continuation of the above-mentioned rate of excess imports obviously would have meant the absorption by foreign producers of over one-third of the domestic market in 1932. With new Rhodesian developments coming into production in 1932, the situation gave promise of becoming even more serious.

From the beginning of the depression American producers attempted to offset the declining consumption by curtailment of production, but were forestalled in their efforts by the failure of some important foreign producers to do likewise.

Consequently, with the foreign market lost to American producers, and with foreign copper being poured into the United States, stocks in America increased almost monthly from the beginning of the depression until the tariff finally stopped the excess of imports.

The circumstance of increasing stocks was accompanied by lowering of prices to an eventual low record of 5 cents per pound, a point probably 2 cents per pound below that at which any mine in the United States can make even an operating profit.

The revenue act of 1932 imposed an import tax on copper which, in existing circumstances, has had the effect of a protective tariff. The only way in which the increase in stocks and consequent decrease in price otherwise might have been halted would have been for American mines to admit defeat at the hands of foreign producers and cease operating.

Such a course would have meant desolation of well-established mining communities and additional thousands added to the ranks of unemployed. The hardships now being borne by the people of those communities could well have been increased to the breaking point. It simply would have been an un-American course to follow.

The dire effects of the depression undoubtedly would have been reflected in the price of copper even if the tariff had been in force prior to the depression. The attitude and action of American producers in regard to curtailment clearly indicates, however, that with tariff protection such accumulation of stocks and demoralization of price as actually occurred would have been avoided. Without it the damage was unavoidable and of such proportions that no extraneous action, tariff or otherwise, could possibly have brought about an overnight recovery in price or a betterment in the unemployment situation at the mines and smelters. Only a miraculously high and sudden increase in consumption could have done such a thing.

HUMANITARIAN AID

There are some outspoken opponents of the copper tariff in the United States largely because American capital is involved in some of the foreign production which threatened to wipe out the domestic industry.

The opponents previously argued that the tariff would cost the American public millions of dollars, because it would increase the price of the metal to consumers. Now assertions are made that the tariff has not raised the price and hence is a failure. True, it has failed as yet to restore to stockholders the dividends that have long since been omitted. It has proved an immediate and heroic success to the thousands of families of the mining communities who otherwise would have been driven from their homes into untold privation.

Aside from the humanitarian aspect, however, the informed stockholder knows that the tariff has started the American copper industry on the road to recovery. Production is below consumption, and each month since the tariff became effective has seen a reduction in stocks—not large but, nevertheless, a step in the right direction.

The pressure of stocks still is too strong to permit a benefit in price. With a constant and sure reduction of that pressure, however, the eventual result is obvious.

The low point of domestic consumption was apparently reached last August. A continued improvement in consumption would, of course, speed the recovery. Next summer the domestic industry probably will help matters along by duplicating the temporary shutdowns of last summer.

The consumer of copper products will do well to face the facts. He has been buying his materials at less than the cost of production, due to a great oversupply of the metal, some of which has required immediate liquidation at whatever price it might bring.

The oversupply has started to dwindle, and the necessity for sacrifice prices gradually is being reduced. It would seem that only a further collapse in general business can long keep the domestic price of copper where it is to-day.

STABILIZATION OF THE CURRENCY

Mr. SCHALL. Mr. President, I have received a resolution adopted by the Farmers Holiday Association at Mankato, Minn., which I ask leave to print in the RECORD and have referred to the appropriate committee.

There being no objection, the resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

We, the farmers of the Blue Earth County Holiday Association, in convention assembled at Mankato, Minn., this 12th day of January, 1933, do hereby declare:

That in a nation such as ours, owning 40 per cent of the world's wealth and where 80 per cent of that wealth is owned and controlled by 4 per cent of the people, and where thousands upon thousands of farm homes are being lost by foreclosure, and millions of its people are walking the streets, in the midst of plenty, asking for bread, and where bankruptcy and ruin to thousands of business men is eminent and probable, that all is not well.

That the desires and ambitions of any man or party or any group of men, for political preference or for control of the functions of government, must always give way to the principles and functions which make for greater peace, happiness, and prosperity to our people, if free government is long to endure.

That for more than five years America's basic industry—agriculture—has been forced to sell its products at a price that did not equal the cost of production.

That during the war and the years following the buying power of the American dollar fell to a new low level. Two hours of labor would buy a dollar, 5 pounds of pork would buy a dollar, ½ bushel of wheat would buy a dollar, 2 pounds of butter would buy a dollar, 3 dozen of eggs would buy a dollar, and other prices in proportion. Agriculture and industry were financed on this basis. Then through the Federal reserve system and under the direction of the money changers in the temple began the deflation. Farm values tumbled and fell to a new low level, the farmer's basis for credit was completely kicked out from under him, and his whole credit structure lay a wreck at his feet. As a result the buying power of the dollar rose steadily higher and higher, or, to put it in everyday language, the price of labor and commodities fell steadily lower and lower.

That by this process of manipulation and centralized control and the resultant utter destruction of the entire credit fabric of the people, the buying power of the American dollar rose steadily higher and higher, so that to-day it takes 4 hours of labor, 40 pounds of pork, 3 bushels of wheat, 4 pounds of butter, and 10 bushels of corn to buy a dollar.

That in normal times 90 per cent of the Nation's business is transacted upon a credit basis and only 10 per cent upon the currency or cash basis.

That money and currency is not a commodity the buying power of which should fluctuate as other commodities. It is a governmental function and should be stabilized by governmental control and inflation and deflation so as to maintain its buying power at a normal fixed level. This function should not be delegated to private persons, groups, or interest, but should forever rest exclusively in the Government itself.

That because of the condition above so briefly set out, the buying power of agriculture and agricultural communities has been utterly destroyed, factories closed, millions of people thrown out of employment, and the ghost of utter ruin and bankruptcy is now walking up and down the avenues of trade and commerce in this, our beloved United States, where we produce foodstuffs more than plenty to supply every hungry mouth within the borders of our fair land.

That the American dollar must be made honest by governmental action and our credit fabric rebuilt and reestablished before prosperity will again return to our people.

We hold that governments are useful only to the extent that it serves to make for greater peace, happiness, and prosperity of its people and the establishment of equality and justice between the various classes of its people. That the ultimate functions of government are the establishment and enforcement of laws and rules of conduct that will make for equality and justice for all its people and the greatest amount of peace, happiness, and prosperity.

We hold that in order to bring this about the Congress of the United States must, by a process of deflation, make the American

dollar honest and reduce its buying power to a normal level and on an equality and parity with the normal values of commodities and labor in accordance with American standards, and that only by this method can panic be driven from the land, the credit fabric of the people be reestablished, and business again flow normally through the usual arteries of commerce and trade: Be it therefore

Resolved, That we urge upon our Senators and Representatives in Congress the urgent need of immediate action for the stabilization of our currency, the reduction of the buying power of the American dollar to an honest level by the means and processes hereinbefore indicated; be it further

Resolved, That copies of this resolution be given to the press and transmitted to our Senators and Representatives in Congress and to the President of the United States.

Adopted at Mankato, Minn., this 12th day of January, 1933.

CALIX F. BAUER, *Chairman*.

Attest:

RALPH WORTHLEY, *Secretary*.

WOOD PULP AND NEWSPRINT

Mr. SCHALL. Mr. President, in view of the importation of wood pulp and newsprint without duty, it seems to me the information in this letter is vital. I ask unanimous consent to have it published in the RECORD and referred to the appropriate committee.

There being no objection, the letter was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

THE MINNEAPOLIS TRIBUNE,
January 19, 1933.

HON. THOMAS D. SCHALL,

Senate Office Building, Washington, D. C.

DEAR SENATOR: May I bring to your attention the disastrous state of affairs that exists in the paper-mill industry by reason of the depreciated currencies and gold export embargoes that prevail in countries that produce wood pulp and newsprint? No doubt other newsprint manufacturers have brought this situation to your attention.

You may know that the Tribune for years has operated a newsprint mill in the United States, and that wood pulp and newsprint have been imported largely into the United States without any duty. In spite of these importations, which created a highly competitive situation, neither I nor the Tribune has ever advocated a tariff on newsprint or on wood pulp.

Our mill at Manistique, Mich., was built and designed for a capacity of 50 tons. As an illustration of the efficiency of our management, this 50-ton mill has for several years been producing 80 tons of newsprint a day. This efficiency of operation enabled us to hold our own against Canadian and European imports so long as the producing countries were on a gold standard. Now that there has been a recession from the gold standard to the extent of 12 or 15 per cent, it is impossible now for us to compete with these countries.

It may have come to your notice that three ships discharged wood pulp at the port of Duluth this summer, which wood pulp was produced in Estonia. This wood pulp was sold at a price below that which the Minnesota mills a few miles from Duluth could meet.

Newsprint is now being sold in the United States at a price lower than the raw manufacturing cost, to say nothing of depreciation, insurance, and interest on capital invested.

We have had to close our mill at Manistique, throwing men out of employment, and our mill was the only large employer of labor in that community.

The necessity of some sort of protection against depreciated currencies is not confined to the paper makers, but to their employees and the communities in which they operate as well. As you perhaps know, paper mills are located in sparsely settled communities, and for the most part are the communities' only industry.

I am a newspaper publisher as well as a manufacturer, and I can see both sides of the question. As a newspaper publisher I can see the bankruptcy of American mills, which is certain at some future date to make a very sharp and punitive rise in newspaper prices.

I trust that you may find an opportunity to give this matter some thought, and in this hope I have a full realization of the multitude and complexity of the legislative questions that confront you.

With kind personal regards, I am, respectfully,

F. E. MURPHY, *Publisher*.

FISH AND GAME LAWS AS APPLIED TO THE SENECA INDIANS

Mr. SCHALL. Mr. President, I have just had read to me a letter from Robert P. Galloway, representative of the Seneca Nation of Indians in the State of New York. It seems to me it contains some vital suggestions and thoughts that ought to be of interest to us all, and I ask unanimous consent to publish it in the RECORD and to have it appropriately referred.

There being no objection, the letter was referred to the Committee on Indian Affairs and ordered to be printed in the RECORD, as follows:

SILVER CREEK, N. Y., January 21, 1933.

HON. THOMAS D. SCHALL,

United States Senate, Washington, D. C.

MY DEAR SENATOR SCHALL: I represent the Seneca Nation of Indians. I expect to appear before the committee Wednesday.

I think the Indians should be allowed to make their own fish and game laws. The Court of Appeals in New York State in 245 N. Y. 433, Patterson against council of Seneca Nation, July 20, 1927, have conceded the self-government of the Indians on the reservation through their constitution, peace makers' court, surrogate's court, and tribal council, all of which are functioning. It seems clear that there is no reason why the Seneca Nation can not carry on its own laws in relation to hunting and fishing as well as the other aspects of government. The conservation department of the State of New York has been very vindictive toward the Indians. Wilford Kennedy is now imprisoned in the Erie County jail on a body execution on a civil judgment for a penalty involving the catching of 12 fish. This Indian was acquitted by a jury on the criminal charge, and yet that did not satisfy the conservation commission. They also brought an action for a penalty against Charles Conklin, Chester Conklin, and George Seneca for \$160. They started actions in justice court, but withdrew the actions. Never, in my experience, has a white jury convicted an Indian on a criminal charge in relation to the conservation laws.

The Indians have their own natural game laws that they follow, and I think they are better than the white men's laws. After all, the reservation is for the Indians, not the white men; yet the white men are trying to make it their business. Officious game wardens flaunt their pretended authority at the Indians.

Let me cite the case of Walter Hill, of Limestone, whom I defended. A game officer stopped him on the reservation, did not find any game, and then turned and said to him, "Don't let me catch you hunting out of season." The Indian boy was angered because after all he was innocent of any offense and should not have been insulted; he replied, "Don't let me catch you on the reservation again." Promptly the conservation officer swore out a warrant for his arrest on the ground that the Indian had threatened him. A jury, of course, acquitted the Indian. I can understand how the petty conservation officers are misguided in their zeal, and think they are doing something noble in getting body executions against the Indians, but there ought to be some brains at the top of this department.

The white man is asking a moratorium on mortgages and debts. This certainly is a fine time to start to collect civil penalties from the Indians. I do not believe they are sincere in trying to collect the penalty, because the Indian has no money. They are merely gloating over the fact that they have put an Indian in jail. What is left of the Indians on their reservations minding their own business ought to have the rights of the reservation, the game and wild flowers around the reservations, because after all the only true lover of nature is the Indian.

Down in Arkansas an alleged American sportsman has imported some lions to shoot at, and he calls himself a sportsman. The New York Conservation Commission is doing the same thing. They are propagating pheasants and rabbits for the game clubs to put out in the woods and shoot at.

The Indian has his strawberry festival, his green-corn dance as an expression of thanks for the gifts of nature. He understands the wild animals; he does not kill them for target practice as the white men do, or in the spirit of competition like our local Han-over Game Club that gives prizes for those who catch the biggest fish. The white man lacks the spiritual approach to the proposition of hunting and fishing. The Indian hunts and fishes as part of his sustenance.

I think it is very shameful on the part of the conservation commission to ignore the fact that New York State is the greatest violator of the conservation laws. The New York State Hospital at Gowanda is dumping raw sewage into the Cattaraugus Creek, the largest stream on the Cattaraugus Reservation. They are now to spend \$3,000,000 for additional buildings at the hospital which makes more sewage and no disposal plant. Why don't they spend their time convincing New York State to dispose of its sewage and not destroy the Indians' fishing in Cattaraugus Creek? Why does not the conservation commission of New York State put the president of the glue factory at Gowanda in jail for dumping wastes into Cattaraugus Creek that kill the fish? Why does not the commission sue the Brown Shoe Co. at Gowanda for dumping wastes and acids, etc., into the creek and killing the Indians' fish? Why does not the conservation commission make some protest against the village of Gowanda for dumping sewage into the creek? The white man does not understand the Indian. The Indian has a philosophy of living in his own confines on the reservation; he ought to be allowed to live it.

Do not take the local game club's protest too seriously. The Salamanca Game Club ought to be silent until those residents of Salamanca who owe the Indians for years and years back lease money have paid it.

The act of 1927 was put through although the Indians opposed it. Ninety-five per cent of the Indians opposed the act of 1927. The Indians believe in live and let live. If they have their own way as in the past, in the future there will be more game and more wild life on the reservation.

The white man, after ruining the forests, after exterminating the game, after polluting the streams, lacks a sense of humor when he turns to the Indian and says, "Now I will give you rules and regulations in regard to hunting and fishing."

Yours respectfully,

ROBERT P. GALLOWAY.

ENROLLED BILLS PRESENTED

Mr. VANDENBERG, from the Committee on Enrolled Bills, reported that on the 23d instant that committee presented the following enrolled bills to the President of the United States:

S. 4597. An act to restore to their former retired status in the Regular Army of the United States persons who resigned such status to accept the benefits of the act of May 24, 1928 (45 Stat. 735), and for other purposes;

S. 5260. An act granting the consent of Congress to the Board of Supervisors of Marion County, Miss., to construct, maintain, and operate a free highway bridge across Pearl River at or near Columbia, Miss.; and

S. 5261. An act granting the consent of Congress to the Board of Supervisors of Monroe County, Miss., to construct, maintain, and operate a free highway bridge across Tombigbee River at or near Old Cotton Gin Port, Miss.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ROBINSON of Indiana:

A bill (S. 5494) for the relief of Henry J. Miley; to the Committee on Finance.

A bill (S. 5495) granting a pension to Fannie Howell (with accompanying papers);

A bill (S. 5496) granting a pension to Sarah A. Redens (with accompanying papers); and

A bill (S. 5497) granting an increase of pension to Lucinda Luse (with accompanying papers); to the Committee on Pensions.

By Mr. SHORTRIDGE:

A bill (S. 5498) to authorize an increase in the limit of cost of one aircraft carrier; to the Committee on Naval Affairs.

By Mr. FRAZIER (by request):

A bill (S. 5499) to amend section 3 of the act entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes," approved May 10, 1928 (45 Stat. L. 496), as amended by the act of February 14, 1931 (46 Stat. L. 1108); to the Committee on Indian Affairs.

By Mr. SHIPSTEAD (by request):

A bill (S. 5500) to repeal the revenue act of 1932; to the Committee on Finance.

By Mr. REED:

A bill (S. 5501) to credit certain services as cadets at the United States Military Academy; to the Committee on Military Affairs.

By Mr. McNARY:

A bill (S. 5502) to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.; to the Committee on Commerce.

By Mr. TYDINGS:

A bill (S. 5503) authorizing the Chesapeake Bay Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Chesapeake Bay from a point in Baltimore County to a point in Kent County in the State of Maryland; to the Committee on Commerce.

REORGANIZATION OF EXECUTIVE DEPARTMENTS—AMENDMENT TO TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL

Mr. LOGAN submitted an amendment intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

Strike out all of Title IV, beginning at the top of page 83, down to the end of line 25, on page 86, and in lieu thereof to insert the following:

"That there is hereby created a committee on reorganization and consolidation of departments and independent establishments

in the executive branch of the Government of the United States of America, herein and hereafter referred to as the committee, the membership of which, by virtue of their respective offices, shall be the President of the United States, the Speaker of the House of Representatives, the minority leader of the Senate, the Comptroller General of the United States, and the Director of the Bureau of the Budget. It shall be the duty of the committee to make such reorganizations and consolidations in the departments and independent establishments of the executive branch of the Government as a majority of the committee may deem necessary or expedient. It shall be the duty of the committee, and power is hereby conferred upon it so to do, to suspend, until the law shall otherwise direct, any useless, duplication, and/or unnecessary activities, in the judgment or discretion of the committee, now authorized by law, but nothing herein shall authorize any transfers or consolidations or diminution of the jurisdiction of the Interstate Commerce Commission, the General Accounting Office, the Federal Trade Commission as now established by law. Nothing herein shall be construed to mean that the committee may not transfer to these four independent establishments, or any one or more of them, functions of existing agencies of the executive branch of the Government. The committee shall report in detail to the Seventy-third Congress not later than January 15, 1934, the reorganizations and consolidations effected by it, and the activities suspended under authority herein conferred and the savings to the Government as the result thereof. The Congress reserves the right to disapprove by law whatever the committee may do under authority herein conferred."

EXPENSES, SPECIAL COMMITTEE ON CONSERVATION OF WILD-LIFE RESOURCES

Mr. WALCOTT submitted the following resolution (S. Res. 340), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the special committee authorized and directed by Senate Resolution No. 246 on April 17, 1930, to investigate the conservation of wild-animal life hereby is authorized to expend in furtherance of such purposes \$10,000 in addition to the amounts heretofore authorized.

NOTIFICATION OF CONFIRMATIONS TO THE PRESIDENT

Mr. REED. Mr. President, several days ago the Senate confirmed a number of routine Army nominations. It was then believed by the Senators who had charge of the matter that the action of the Senate contemplated an order that the President be notified of the confirmations. It seems that that order was not entered. Therefore, as in executive session, I ask unanimous consent that the President may be notified of the confirmation of Army nominations which have heretofore been acted upon by the Senate.

The PRESIDENT pro tempore. The Senator from Pennsylvania, as in executive session, asks unanimous consent that the President may be notified of the confirmation of nominations in the Army heretofore made. Is there objection?

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Pennsylvania has correctly stated the matter. I know of no objection to the request.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the order will be entered.

Mr. McNARY. Mr. President, should not the order apply to nominations in the Navy and Marine Corps?

Mr. ROBINSON of Arkansas. It should apply to all nominations that have been confirmed. As a matter of fact the Chair, at the time of confirmation, stated that, without objection, the President would be notified. I recall that, but for some reason it was not entered of record.

The PRESIDENT pro tempore. Without objection, the order will include confirmations in the Navy and Marine Corps.

"FAR-REACHING INVESTIGATION"—CHAIN STORES

Mr. BROOKHART. Mr. President, I ask leave to have published in the RECORD an editorial from the Journal of Commerce, of New York, December 22, 1932, entitled "Far-Reaching Investigation."

There being no objection, the editorial was ordered to be printed in the RECORD, and it is as follows:

FAR-REACHING INVESTIGATION

Current investigation by the Federal Trade Commission of activities in the grocery industry is aimed primarily at preparing and establishing a possible basis for future legislation concerning the corporate chain and its place in and effect upon the scheme of distribution. It is, however, having another and quite unexpected result. The commission has to date released nine studies

in connection with its final report to the Senate on the grocery chain-store situation throughout the country, and each and every one of these studies has disclosed a situation in the merchandising field which demands correction.

The first report issued in July of last year uncompromisingly revealed to the independent wholesale-grocery trade of the country its general weakness, which is high cost of operation. Oppor-tunely timed, and coinciding with the growth of cooperative movements in the grocery trade, such as the so-called voluntary chains, this report had a most cathartic effect on the general grocery situation at that time. The manufacturing trade, though it generally denied that the private-brand report, showing a tremendous growth in this field in two years' time, was an accurate capitulation of conditions such as now exist, nevertheless took it seriously enough to go to considerable expense to improve its own trading position.

The ninth study, just released by the commission, states uncompromisingly that the "latest report shows one-half of items bought in stores selected in four selected cities as lacking in weight." This new study goes into the sale of bulk commodities and their repackaging by both chains and independents. It dispels the widely held theory in the trade that the general run of business in a day or a week will equalize the difference between the over and under weights. That the practice of selling under-weight is very general in both chains and independent outlets throughout the country is the only conclusion that can come from a reading of this report.

Carelessness, which is probably the basic reason for underweight, can not be used to discount the damaging evidence which the commission has collected. And the report, like its predecessors, will give impetus to another movement for betterment of grocery trade conditions. Increased package business and a concentration on weighing-scale sales will probably follow.

There is another consideration which is beginning to assume significant proportions. What will be the character of the final report of the commission and what will its recommendations be? One can easily see by studying the reports so far issued that there has been no catering to inside opinion and the facts as interpreted have made tremendous impression on the grocery trade of the country. There are several topics which as yet have been left untouched, and it may be that the operating expenses of chain organizations, the effect of secret rebates, and allowances on profits and chain buying policies may yet be brought into the light of publicity.

THE MERCHANT MARINE

Mr. FLETCHER. Mr. President, I ask leave to have published in the CONGRESSIONAL RECORD an editorial from the Washington (D. C.) Herald of the 21st instant, entitled "Congressional Attacks on Merchant-Marine Policy Aid Foreign Lines."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL ATTACKS ON MERCHANT-MARINE POLICY AID FOREIGN LINES

The American attitude toward its merchant marine has been described as "wayward and inconstant."

This is being shown at the present time in recurrent and very shortsighted attacks in Congress on the mail-pay contracts authorized in the Jones-White Act of 1928 and upon other provisions of the act involving Government aid to ship construction.

The purpose of this act is wholly misconceived by some Members of the Senate and also of the House.

The propriety of the outlays made by the Government, pursuant to the provisions of the act, is not to be gaged by direct and immediate returns to the Government in the form of profits nor with strict reference to the extent and commercial value of the immediate carrier services rendered therefor.

Such advances are made with a broad objective in contemplation; that is, the upbuilding and maintenance of a merchant marine.

This purpose can be served only by the creation of ships of efficient type, the establishment of regular services upon which shippers can depend, and the inauguration of trade routes which will become permanent and nourishing arteries of an expanding ocean commerce.

To subject such advances to continual revision to hold over ship owners and operators the constant menace of a possible reversal of the Government program of encouragement and support is to nullify the effects of advances already made, and by discouraging private cooperation and also patronage by well-disposed shippers to defeat the purposes which the Government has in view.

This was forcibly brought to the attention of the Senate Committee on Post Offices and Post Roads by an important trade organization whose membership includes representatives of Ohio, Michigan, Illinois, Indiana, West Virginia, Iowa, Wisconsin, Minnesota, North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Missouri, Kentucky, and Tennessee.

It is known as the Middle West Foreign Trade Committee. It speaks for important agricultural, industrial, and business groups in the Mid-western States above named.

Declaring that the uncertain status of American shipping, due to attacks in Congress, has created misgivings on the part of American shippers who otherwise would be disposed to use

American vessels, the chairman of this trade committee stated that such attacks gave a distinct advantage to foreign shipping interests in the competition for American export business.

"We are discouraged to find," said he, "that every time an appropriation bill comes up for passage there are proposals to destroy what has been accomplished in the upbuilding of American steamship lines. This discredits us in the face of the whole world, due to the fact that our foreign competitors are frankly expecting the collapse of the American merchant marine every time Congress meets. Representatives of foreign lines say to our shippers: 'Why not patronize a well-established foreign line whose government is always behind it?'"

"They capitalize the attacks in Congress on our shipping and assure the American shipper that no continuity of service is to be expected from the American merchant marine."

Speaking particularly for the business interests of the Middle West, he continued:

"Our people of the Middle West are 800 miles or more from the sea. We are compelled to depend on established and continuing services. We must have regular dependable schedules of sailings. Our exporters are not situated like the man at or near the seaport who can avail himself of occasional sailings or tramp ships. Our people must make arrangements for shipping far in advance and must know that the line will have a ship on a certain date."

This is obviously true. Such mischievous attacks should cease.

It is the ocean mail contracts which seem particularly inviting to this form of congressional harassment. The fact that they are not intended as mere compensation for the transportation of mail is lost sight of.

They are the channels through which the assistance of the Government is passed and are designed to offset the difference in cost of operation between American and foreign vessels, due to the higher wages and operating costs of American-built and American-manned ships.

It must not be forgotten that the Government imposes substantial burdens in return for its aid.

It stipulates the routes on which the vessels receiving assistance shall be operated and the frequency of their sailings.

Each line obligates itself to build new vessels "of the best equipped and most suitable types," on plans approved by the Navy Department; and as to old vessels, to reconstruct or recondition them so that they will be suitable as naval or military auxiliaries in time of war or national emergency.

It is unfair to attack these contracts as extravagant without having in mind all the considerations which the Government receives in return, including the assurance which is provided by efficient ships and fixed sailings, that our trade routes will be kept open to our foreign markets and our foreign sources of supply.

Our merchant marine has made distinct progress since the enactment of the Jones-White Act. American steamship lines have more than held their own with foreign competitors, despite the depression.

To conserve our gains and to maintain the progress already made, require, however, that the Government's support of our merchant shipping shall be consistently and not fitfully given, and that the present law shall be administered with loyalty to the broad purposes contemplated in its enactment.

ADDRESSES OF DR. JACOB H. HOLLANDER AND HON. BAINBRIDGE COLBY ON FOREIGN DEBTS

Mr. JOHNSON. Mr. President, I ask unanimous consent to have printed in the RECORD a speech by Dr. Jacob H. Hollander, professor of political economy in the Johns Hopkins University, on American Public Opinion and War Debts, delivered at the round table on war debts and conference on the cause and cure of war in Washington, January 19, 1933; and at the same time, following that address, I ask the same permission to print the address of Hon. Bainbridge Colby, at one time Secretary of State of the United States, delivered at the Hotel Pennsylvania on January 19, 1933, entitled "The International Debts and Their Relation to Business."

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

ADDRESS OF JACOB H. HOLLANDER, PROFESSOR OF POLITICAL ECONOMY, JOHNS HOPKINS UNIVERSITY

It is, of all things, important in a sober discussion of the subject which is to engage us this evening that at the outset the matters to be discussed should be made precise. I propose, therefore, to define in approved homiletical fashion what I understand to be the meaning of the major terms of my topic, "American Public Opinion and the War Debts."

The phrase "war debts" is simple enough. The statement of the public debt of the United States as of October 31, 1932, the latest date available, reports the total foreign obligations owned by the United States Government to be, in round numbers, \$11,777,000,000.

From this we may omit from consideration (a) \$250,000,000, being cash advances to Czechoslovakia and Russia; (b) \$21,000,000, being payment for surplus war supplies to Czechoslovakia, Nicaragua, and Russia; (c) \$19,000,000 for relief supplies sold on credit by the American Relief Administration to Armenia, Czechoslovakia,

and Russia; (d) \$7,000,000 for relief supplies sold on credit by the United States Grain Corporation to Armenia, Czechoslovakia; (e) \$386,000,000 for account of reimbursement of the United States army of occupation in Germany. There remain funded bonds to the aggregate of \$11,094,000,000, received under a series of debt-funding agreements as authorized by acts of Congress extending from February 9, 1922, to December 18, 1929. This total of \$11,094,000,000 represent debits of 14 separate countries. Of them, the four largest debtors are England, \$4,398,000,000; France, \$3,864,000,000; Italy, \$2,004,000,000; Belgium, \$401,000,000. My comments, although applicable to the entire series, will envisage the four enumerated major debtors.

The phrase "American public opinion" is more subtle. Its content has baffled those foreign observers, De Tocqueville, Bryce, Siegfried, who have understood other aspects of our national life. It is imperfectly comprehended, because taken for granted by the American people itself. It is grossly mistaken by the European world.

We shall perhaps simplify the problem by setting forth what American public opinion, in regard to the war debts, is not.

It is not the internationalism of expatriates who, as unofficial ambassadors in Paris, London, Rome, or Brussels deprecate the stupidity of the American people.

It is not the domestic counterpart of this galaxy—the small, distinguished, and extremely voluble intelligentsia in the United States who in or out of academic seclusion frame concepts of international idealism highly creditable to their benevolence but remote from the severities of Real-Politik—much the same company who after the Versailles conference acclaimed Woodrow Wilson and the League of Nations only to suffer the engulfment of the presidential election of 1920.

American public opinion is not the unanimity of American banking circles who, taking their note from the great banks and issue houses, bleat, "Peace on earth and good will to men," with incidental regard to the protection of private credits and loans extended European borrowers in the buoyant optimism of the late twenties.

Neither the press of the United States nor its legislative bodies are representative of American public opinion in the matter of the war debts. Our newspapers are not "inspired" in the European sense; but they are preeminently conservative and prudent. One wide-flung chain has a definite alignment in opposition, and the small-town weeklies, by sheer proximity, reflect something of their readers' opinion. But the great city newspapers inevitably incline, in this as in other matters to the stronger battalions of finance, industry, and commerce. This applies primarily to the editorial page. As to the news columns there is regard for the best traditions of a free press. But a journal can not afford a foreign correspondent whose dispatches are unsympathetic with the views entertained in the quarter to which he must have recourse for fresh information. Nor in any event can it control the garbling of its own news reports by European editors. In a recent senatorial debate on the war debts, speaker after speaker voiced strong anticancellationist views. One speaker alone expressed different opinion. The debate was reported fully, or at least fairly, by important American papers. In the French press, according to return cables, the congenial utterance was featured, almost to the exclusion of the dominant strain.

Instinctively we turn finally to our legislative halls for a faithful echo of public opinion. The textbooks enjoin this upon us. But the political realist knows that the moth-eaten tradition is a pious fraud. The controlling purpose of an elected representative from the day of his election is to insure the likelihood of his reelection. It is a political axiom that the surest way of accomplishing this is to offend; that is, differ in profession from the smallest possible number of constituents. The post of apostle of the forgotten man or of conservator of vested interests may have spiritual appeal, but the safer rôle of the American publicist is to say nothing, do nothing, be nothing except as ordained by political expediency, partisan advantage, and the strength of an organized minority.

If American public opinion be so impalpable and so elusive a thing, what chance is there of appraising it? And yet the attempt must be made if we are to escape from impasse. Vox populi may not be vox Dei, but in all vital matters of public policy it is definitive. Experience and instruction may modify, even reverse, it. But at any given time, with respect to any given issue, it is the court of last resort. No policy can prevail that runs counter to it, no resistance to what it wills can endure. The Monroe doctrine is supported by such opinion. American adherence to the League of Nations is counter to it. The public-school system is an expression of public opinion. Licensed gambling is at variance with it. It is because Europe has failed to accept this truism, because continental foreign offices as if not sufficiently chastened by the penalties of crude acquaintance with the American constitutional system have been unwilling or unable to gage American public opinion—that the war debts remain unpaid.

I shall venture, therefore, of necessity to set forth my conception as to what at this time is American public opinion on the war debts. I can claim no authority other than my own; no virtue beyond objectivity. But it will be refreshing to replace advocacy by photograph. The image may be imperfect or blurred or distorted. Yet at least we shall be dealing with what is rather than sputtering over what ought to be.

Let me accordingly give way on this rostrum to that more interesting speaker—the American citizen. He dwells sometimes on the side streets of small towns, sometimes in the modest 2-story houses of industrial cities, sometimes on simple farms. He lives

in Maine or California, in Dakota or Texas. He is artisan, corner grocer, farmer, school-teacher, bank clerk. On this occasion, at least, he will break his habitual silence and voice the faith that is in him.

"The war debts," he says, "or more accurately the funded bonds of foreign governments now in the Treasury of the United States, are my property. They belong to me as definitely as does the note I hold for the money lent my hard-up neighbor, or as the mortgage on my home belongs to the lending bank. It is my property, not as a fat surplus but as something on which I am relying for economic security in the dreary years to come. Fifteen years ago I had saved up by sacrifice and denial a moderate sum. In 1915-1919 I was persuaded to lend this to Uncle Sam so that he in turn might lend it to beleaguered countries for food, munitions, supplies, and reconstruction purposes. I did so because of emotional appeal and strong-arm propaganda. I was not in the least influenced by the fear, since so solemnly presented, that unless Germany were defeated my own country would be the next to suffer. Had it been urged, I should have said then that as between a truculent Germany and an embattled France there was little choice. Certainly I should say that now. No! I fell for brass bands and brass buttons. 'Bleeding Belgium,' 'stricken France,' 'stout old England,' 'Teuton fury,' 'a war to end wars,' 'making the world safe for democracy'—these were the catchwords with which I was gulled. I emptied out the woolen sock, drew down the savings account, kept John home from college, refused Mary her promised marriage settlement. I bought Liberty bonds—bought them, as I was besought, until it hurt, giving up what I had saved, scaling down what I used, mortgaging what I was to get.

"For what I lent, Government bonds—Liberties—were given me, bearing interest and sinking-fund provision. At the time I did not realize that this in itself was hanky panky; that it was I who would have to pay myself interest, that what came into one hand as coupon money was to be paid over by the other as debt-service taxes. When I awoke to the fact I was reassured, officially, that this was only a temporary delay, that the war over, the borrowing countries would assume debt service, and that Uncle Sam, so paid, would reimburse me for what I had lent without thereafter taking it out of my pocket in taxation.

"The war came to an end. But as Bastable had long before assured me 'borrowing is an agreeable process'; and with so com- placement a lender intrepidity in battle was succeeded by readiness in debt. Reconstruction, rehabilitation, purchase of supplies, even rearmament were paid for by me. Only when the habit threatened to become chronic did I post the sign 'No more funds—to lend,' with a reaction ranging from affronted dignity to angry abuse on the part of the chronic borrowers.

"With the Versailles conference the veil first dropped from my eyes. I had been fed on noble phrases—'the parliament of man,' 'self-determination,' 'open covenants,' 'fourteen points,' 'a spoils- less triumph.' Instead I saw a Carthaginian victory, a struggle for loot, barnyard amenities, secret treaties, cunning, intrigue, decep- tion. I thought of the sacrifices and denials of my household, of the distress and misery that lay ahead, of my neighbors' boys who had fallen, that American valor might be acclaimed and congress- ional medals of honor be bestowed, and I suffered a form of mental nausea.

"I believe history will appraise the World War in its net result as definitely a profitable war, for the victors, as the campaigns of Cæsar and Napoleon. The settlements were in the spirit of vae victis, applied with the brutality of Brennus. I realize there is no common denominator for human suffering and material gain. But time brings healing for the first and makes no deduction from the second. The peace treaties are but 14 years behind us, but even now I may venture what another generation hence will assert, that as the life of a nation goes—in territorial gain, in political benefit, in economic advantage, as against blood spilt and treas- ure wasted, the Allies—France, England, Italy, and Belgium—when the throes of readjustment have subsided will be accounted richer and stronger than before the war, indeed, by reason of the war.

"In the distribution of loot," continues our speaker, "my country took no part, save in the moderation of rapacity; and accepted no share. We were not more virtuous or more tender—our part in the Mexican War and in the Spanish-American is sufficient commentary—but we were neither frenzied in resentment nor competent to gain. So I returned to my appointed place, bruised a little, disillusioned more. The 'Lafayette, we are here' and the 'Hands across the sea' business had not turned out as they were supposed. Things, moreover, at home had gone topsy-turvy—for one can not drop his tools and run off to help put out a neighbor's fire—and not find a mess when he comes back. But after all, this was in the day's work—even though made a bit sour by grudging thanks from those whom I had aided.

"The worst, however, was yet to come. The one assurance on which I had counted was that the war over and a period of grace given—my savings were to be returned to me at least in payment of interest, without the cheating device of accompanying taxation. This meant that the Allies would at the earliest date begin the service of the war debts. I was skilled neither in the ways of the Quai d'Orsay nor of Downing Street. At first barely audibly, then unmistakably, then noisily, with counterpart accompaniment from defined groups in this country the age-old cry of the reluctant debtor was raised: 'It is not right that I should pay; though I wanted to, I could not pay; and even if I could and did pay it would be bad for you to be paid.'

"The first phase of the debt cancellation case was accordingly advocacy of cancellation for reasons—moral, economic, interna- tional:

"1. The war debts ought not be paid, because the war was a common cause to which the Allies contributed men and to which the United States contributed money.

"2. The war debts could not be paid because the Allies had not enough gold with which to pay, and because they lacked an ex- portable surplus and our tariff walls in any case shut it out.

"3. The war debts must not be paid—in the interest of the United States as well as Europe—because world recovery was only possible if the slate were wiped clean.

"I was not convinced by the logic. But I have had to do with slow debtors before; so I agree to the funding arrangements of 1922-1929. The principal of the debts was scaled down, the inter- est rates were reduced, the dates of maturity extended. Even more than all this the principle of capacity was inserted in the funding contracts. No debtor country should be asked to repay more at any given date than it was able then to pay—and the issue as to fact might be raised by the debtor at any time.

"The years have passed. Time holds the bank, and history has displaced controversy. It now appears that I was right on all three counts. The moral argument has melted away. The eco- nomic argument has been answered by fact. The international argument has become a fantasy. Capacity—the sufficient defense of an honestly distressed creditor—dare not even be raised.

"In this second stage of the war debts, mendicancy has been succeeded by default. The alignment has become clear. One of the great debtors—directed by astute absolutism—has realized how advantageous is the settlement heretofore made; has conformed to it; and has gained in stature. The second—historically a credi- tor country whose economic existence lies in the fidelity of con- tracts—has kept faith, even at heavy cost, and is assured of fair, even generous reexamination. From the two remaining countries—where it was least to be expected—there has come default. None of the worn-out defenses are used—except by our domiciled 'for- eign legion'—but in lieu a recriminative complaint of seduction and betrayal in the Hoover-Laval conference.

"I know that in conversation among nations, it is conventional never to call a spade a spade—but always an agricultural imple- ment. Yet I believe that as the final act of an administration, which the future is certain to appraise far higher than does the present, President Hoover should directly and categorically, with calm unreserve and full documentation, scotch once and for all this reptilian dialectic.

"This is why," says my somewhat winded spokesman—for he does not often hold forth at such length and with such explicit- ness—"this is why I see perhaps not red, but pink when there is talk of cancellation or revision, except as provided, to the ad- vantage of the defaulting countries. My opinion is clear, strong, unshakable: They 'hired the money'; they profited by its use; they are able to repay it now and I need it badly. If they do not pay, I shall not go to war. But my memory is long. I had not forgotten Lafayette. I remember Chateau-Thierry and the Ar- gonne, and I shall not forget December 15, 1932."

Thus far, ladies and gentlemen, I have acted as reporter. With that report, let me add, I am in full agreement. But Civis Americanus is a realist, not a seer, certainly not one prone to pre- vision. My part in this program will not have been filled unless to this imaginary conversation to which you have patiently listened should be added a few comments of what at least one observer conceives to be the wider effects of cancellationist advocacy.

I believe such advocacy involves the gravest consequences— economic, social, and international—to the United States and to the whole civilized world. Economic, because whatever measure of accord society in five centuries of slow progress has reached, is in largest degree assignable to the growth of financial faith between nation and nation. It is in this manner that commerce has grown, that undeveloped countries have expanded, that back- ward States have been stabilized, that international division of labor has spread, that the surplus income of older societies has found productive use in the needs of newer areas. The one factor which has made all of this possible has been the inviolability of economic contract. It has been incorporated in law; it has been accepted in mores. It is the one secure enduring link in economic association. Abandon it, corrupt it, even challenge it and the economic world falls apart in dissociated nationalism—reluctant and distrustful.

The social menace of cancellationist advocacy is developing with disturbing swiftness before our eyes. The unmistakable appear- ance, indeed the creeping spread of repudiation sentiment in the United States and in South and Central America—by inflation, by postponement, by cancellation—as to public indebtedness, corpo- rate obligations, mortgage liens, business liabilities—is a direct repercussion of the countenance given to war debt cancellation. If we are able to lighten the burdens of foreigners who are able to pay, why should we not preferentially lighten the burdens of our own citizens who are not able to pay—runs the challenge. If not charity, certainly grace begins at home. It is an amazing thing to me that those in high financial place, with the fullest knowledge of what economic contract means in the well-being of a people—will encourage the project of cancellation abroad, and cry unto heaven at any whisper of repudiation at home.

To a company such as this—dedicated to the cause and cure of war—it is the international consequence of cancellation ad- vocacy that must appear its dire menace. Whatever an unborn

to-morrow may unfold as to a federation of the world and the part the United States shall play in it, we should be blind to international realities, blind as children playing with fire in an arsenal are blind, if we did not recognize that the rôle of this country, now and as far ahead as our generation can scan, is that of moderator. We have no interest in the irritants and provocations of European war. Our wish for peace is as near an undiluted humanitarianism as a political society can conceive. We can not impose our judgment upon armament-expending war-threatening nations by fleets and armies. Our one resource in the cause of peace is our economic strength. Here are food and material and above all capital—to be withheld or supplied as right and justice, in our conception, shall determine. This is the one great chance of serving the cause of peace. Are we to cast it away?

SPEECH OF BAINBRIDGE COLBY

THE INTERNATIONAL DEBTS AND THEIR RELATION TO BUSINESS

It was six weeks ago that I received your invitation to discuss the international debts and their relation to business.

Since then there has occurred the French default, presenting a situation which is yet difficult to appraise in all its implications.

The private debts owed to American institutions and individuals by private borrowers abroad seem to be outside the scope of my subject. Furthermore, repudiation has not yet shown its head in the field of private debts. While their great amount and the pressure for postponement of their maturities is naturally a source of uneasiness to the holders of the loans, there has been no discussion looking to an alteration of their character, beyond informal suggestions of a reduction in the rate of interest. Such international debts with their specific problems we may leave to the bankers who so improvidently made the advances.

American attention is centered upon the war debts owed us by our former allies. These include the postwar advances of large amount for internal rehabilitation, the support of their currencies, and other peace-time aids and subventions, dictated by American generosity and the desire to assist the economic recovery of friendly, and we assumed, grateful nations.

The situation, precipitated by the unlooked for, and still incredible action of France, is tense and growing more so.

In discussing it words should be measured and utterance guarded. The maxim of Benjamin Franklin is a good one to observe—"Say nothing," said he, "unless it is useful."

Much water has gone over the mill in the 14 years during which the war debts have been under discussion. For it must be remembered that hardly had the armistice been signed in November, 1918, when the movement began among our European debtors to bring about the remission of the debts.

The first hint, according to Mr. Lloyd George, in a book recently published, proceeded from England. It was only a little later—to be exact, January, 1919—that Colonel House, then in Paris to attend the peace negotiations, says in his diary:

"There is every evidence that the Allies have a growing intention not to repay us the money we have loaned them."

In 1922 came the famous Balfour proposal of an all-round cancellation—a suggestion which fell flat when it was seen that England and France were relinquishing only what they would be obliged to pay us in turn, and that the proposal meant merely a shift of the residual cost of the war upon the American taxpayer.

The funding of the debts by voluntary agreement with the debtors involved negotiations extending over a period of seven years. The first agreement was made with Finland in 1923, and the last with Austria in 1930. The agreements involved large concessions by us on the obligations as originally incurred, and were formally ratified by the several debtor nations, although by France with significant delay.

All payments abruptly ceased with the declaration of the so-called Hoover moratorium in June, 1931, since which time this country had received nothing on account of its advances until the partial payment of the sum due on December 15, made up chiefly of the payment received from England.

Now we are assured, even by those of our debtors who have paid, that nothing more will be paid until their debts are put upon a new and drastically revised basis.

No request is made for the help or forbearance which a creditor might naturally be asked to extend to a debtor endeavoring against difficulties to meet his debt. Not in that spirit have our debtors at any time approached us.

On the contrary, it has always been with an unconcealed animosity to the obligation itself. They have assailed the fact that their obligations exist, seeming to rebel at the fact that they are debtors, and apparently harboring a resentment toward the United States not only for heeding their cries for succor during the war, but for putting them even under the obligations of gratitude.

I think I may say truthfully that this attitude has been the chief source of the difficulties which, in such thick cluster, have grown up around the subject of the debts in general.

Much has been said of the attitude of Europe to the debts. Too little has been said of the attitude of the United States to the debts.

Strange as it may seem to our allies, there is still an impression in this country that America saved them from defeat—possibly from destruction.

On our part it was the act, not of a government but of a people, persuaded that the Allies were defending the principle of good

faith in international relations, the validity of the signatures of governments, the honor of pledges given by nations.

The billions we loaned to Europe were raised by popular subscription.

The great sum required merely to pay the annual interest upon our Liberty bonds is raised by taxation of the people. We were adjured to "pay until it hurt," and we are still paying and must continue to pay indefinitely by way of interest a sum in addition to what we originally contributed.

To the surprise and painful disillusionment of the American people, they find their debtors not only thankless, but apparently determined not to pay.

We can not understand why they should even be desirous of not paying. We can not understand why they should not be solicitous and insistent that we receive back, as fast as they can pay it and in whatever form they find it possible to pay us, the money advanced with such unexampled generosity, in an hour of such sore and utter need, without security, and in sole reliance upon the good will and the good faith of the borrowers.

In fact, there is in this country a feeling that Europe should mass its resistance, not against payment, but against the possibility of nonpayment, which to the obligors of such a debt as theirs should be in the last degree unthinkable and abhorrent.

But we overlooked the international financier and the economists, and at this point, they came marching on the scene. They have done a good job. They have had gratifying success in confusing public thinking and in burying the true elements of the problem under an avalanche of irrelevant facts and near facts, false emphasis and distorted reasoning. They have assembled the entire apparatus of debt evasion, not to use the harsher term, repudiation, which is distasteful to our debtors as a term but not so distasteful, apparently, as a policy.

I do not wish to be understood as speaking derogatorily of economists in general, although as I struggle through their conflicting testimonies, I am often reminded of John Bright's saying in the House of Commons that "The trouble with great thinkers is that they so often think wrong."

One thing, however, will not be disputed and that is, that the chief concern of economists is to refute all other economists. The progress of the science seems marked by the steady rejection of its own claims to accomplishment and the continuous substitution of new for discarded axioms.

That the commerce of the world is sadly dislocated none can deny.

That international payments are in the final analysis made in goods or services is one of the few untoppled axioms of economics.

That the maldistribution of the world's gold supply makes international transfers difficult and in some cases impossible may be admitted.

That further transfers of gold may operate detrimentally to the currencies of some of the debtor countries is perhaps true.

But none of these things, nor all of them together, justify the demand that the United States shall assume Europe's war debts and transfer the burden of them to the American taxpayer.

Our debtors are by no means so resourceless as they would have us believe. Given the will to pay, the way can always be found.

There is a positive as well as a defeatist approach to every problem. There is a smooth avenue to every creditor's cooperation if the debtor is on the level and intends to stand up to his obligations.

Our debtors have not approached us with any display of solicitude that the United States shall not suffer as the result of its confidence in their promises.

None of them has said: "See here, you know how difficult our position is. The approaching payment will strain our available resources. We need a little time."

Or, "We are in a position to do so much, but not more, and what we can we will cheerfully apply upon what we owe. As soon as times improve we will resume the performance of our engagements."

This has not been their mode of approach. Their talk is ever about "equities," obscure and thus far difficult of statement, which may have been in their hearts but were not upon their lips when the debts were contracted. They were not in the lender's contemplation. They were not mentioned in the demand notes given by the debtors, nor in the bonds subsequently given in replacement of the notes. They did not figure in the refunding agreements, which affirmed many years after the advances were made the original undertakings to repay given by the borrowers.

But we are met by the retort that whatever the facts may be about the contraction of the debts, however regrettable that the American taxpayer, having parted with his money to make the loans, should now be obliged to part with his money a second time in order to repay them, the fact remains that the debtors can not pay them—so what can be done about it?

Of course the matter can not end there, agreeable as such a result would doubtless be in many quarters. The rights of the United States as a creditor, as well as the obligations of the debtor nations, can not be quite so easily dissolved.

There is no place in the modern world for the principle of repudiation. Good faith is still the foundation upon which mutually trustful relations between enlightened powers must rest.

The war debts are one of the world's problems which must be solved. Neither repudiation nor remission is a solution. Either would be a desertion, an abandonment of the problem. World recovery will not be brought about by running away from prob-

lems. They must be faced with courage and confidence. Building, not wrecking, is the technique of recovery.

It is an inviting task, which the war debts present, a task for good faith and good will. These are stronger forces than evasion and default.

There are not only economists of the defeatist school. There are also economists and financiers who are constructive. Bernard Baruch, who served the United States so superbly as chairman of the War Industries Board, is such a man.

With his experienced resourcefulness and his habit of constructive approach to a complicated problem, he does not look upon the claims of the United States as impossible to be met.

"Payment can be made," says he, "in foreign exchange or non-perishable commodities which are not produced by American farmers."

As a contribution to the restoration of international prosperity he maintains that the United States could agree to store commodities such as tin, jute, manganese, chrome, and possibly even silver for five years.

"I am opposed to cancellation," says Mr. Baruch. "In the first place, our Government could only cancel its assets—that is, what the Allies owe us—but could not cancel its liabilities which are owned by its own Liberty bond holders."

"To cancel, in order indirectly to relieve Germany of further costs of the war, would be to take \$300,000,000 a year from the backs of Germany's industries and put it on ourselves, thus saddling us with a handicap of \$600,000,000 a year on our industries, as compared with German industries, in the international struggle for trade."

"Some of the debtor nations say they can only pay in goods and services. Well, that is not an insuperable obstacle. Our Government might accept cash or partly commodities or partly foreign exchange."

Defaulting nations, Mr. Baruch observes, are somewhat in the position of Russia, which can not secure necessary foreign credit without paying exorbitant and uneconomic rates of interest.

Concluding, he observes that "Our foreign debts have a real value, one that we should not pass up too lightly. The \$270,000,000 which the associated powers owe the United States for the next fiscal year is a small item compared with the whole of international payments, and it has been grossly exaggerated for propaganda purposes."

These are the words of a distinguished financier and practical economist. He speaks with a deeper insight into the problem than I can claim.

There is no solution of the war debts except by their liquidation. As a factor in world economy they are not eliminated by their transfer as an obligation from Europe to America. As an obstruction to world recovery they will not be removed by shifting their incidence. Two men can not be said to be richer if one assumes the other's debt.

From the American standpoint, the effect of their remission would be a definite addition to our public debt of \$11,000,000,000. The annual interest charge which to-day is \$300,000,000 and which, under the funding agreements gradually increases, must be deducted from our estimated national income and will increase by that amount our tax burden. This in turn means a reduction by the same amount in the purchasing power of our people.

But we are told there are countervailing benefits of a derivative and indirect character which, if properly appraised, will more than offset these results.

If this is the fact, it should be susceptible of demonstration. The American people can not be expected to renounce claims of such amounts and validity—to disregard equities which have their roots in the sacrifices of our people, and in a generosity which has no parallel in history—for purely conjectural or vaguely anticipated considerations.

When the moratorium of 1931 was announced, it was greeted with rapturous acclaim. The stock market staged a brief return engagement—very brief—in the most popular piece in its repertory, a bull market with resumed pool operations, manipulated advances, and all the old footlight favorites. But after a very short run the realities of the situation again took the stage.

We then witnessed the deepest and most precipitous decline in security and commodity values that had been recorded in the entire course of the depression.

Now, if our trade is to be benefited by relieving Europe's budgets of the annual payments due us, can it reasonably be apprehended that with more than 40 nations on a depreciated currency basis and favored by low-wage scales any increase in Europe's purchasing power will be turned into the American market with our higher production costs due to our stable currency and higher wage and living standards?

It seems to me that this is quite an idle expectation.

On the other hand, how can we, with our grave unemployment problem and the prostrate position of many of our industries, hope to restore either employment or industry if we open still wider our gates to the influx of cheap foreign merchandise?

The advocates of a policy of further sacrifice by the American people in their treatment of the debts seem to be under the spell of certain economic catchwords which do not square with present-day realities.

Of course, transfers are facilitated by credit balances, but how are credit balances to be built up in the face of the established trends of present world commerce?

Of course, foreign lending imparted a very marked, but we now learn, a very costly and false stimulus to our exports in recent years. But this could not continue indefinitely. If debt remis-

sion is to be treated as analogous to foreign lending, and justified on that theory, it will find little support from the holders of Europe's private debts, already deeply worried about their position.

There is still to be considered the question of our position as a competitor for world markets—is it helped or hurt?

It can hardly be denied our competitive basis would be fundamentally changed by the assumption of Europe's debt. Not only would the budgets of the debtor nations be instantly lightened, but in the same amount ours would be instantly weighted.

The potential purchasing power of their people would be augmented and the purchasing power of the American people would be diminished by the same amount.

Already at great disadvantage in our struggle to cope with their low production costs, we would find our production costs increased by new and undeserved additions to the tax burden, even now so severe a handicap to American business revival.

You ask: What is the answer? Have we reached an impasse? Is the problem beyond human faculty?

Not by any means!

It may have to be approached from a new angle. It may require some variation of formula.

But unless default has lost its stigma among men and honor is no longer sensitive, but has become callous, the solution can and will be found.

Let us remember that even in France—so ill served by the politicians who compose her present Parliament—the protest against her default has not been stilled.

When the French Parliament, after its refusal to pay the installment due us on December 15 of \$19,000,000, approved a loan of \$14,000,000 to Austria, a leading organ of French opinion asked:

"Did we refuse our millions to the United States, to whom we owe something, if only gratitude, to give them to Austria, to whom we owe nothing except the shells she fired at us?"

It was said of Ireland's historic grievances against England that they were things for England to remember and for Ireland to forget.

We shall need to approach the problem of the debts with calmness and detachment—with fairness, and expecting to be met with fairness.

Solution often lurks in the simplest expedients, although the simple formula is sometimes hard to find.

However, thought without aim is wasted. Debate without decision, or conference which does not issue in program is of little value.

With your permission, I will make bold to offer for your consideration a plan of approach to the problem. It is not my own. It is the suggestion of a distinguished American thinker, John Spargo. It has already been broached and has met with respectful and serious reception.

In my opinion it has great merit. It can be stated in a few words.

Suppose that the United States, in conjunction with its European debtors and the former Central Powers, were to form a consortium, by which is meant merely an agreement between nations to act jointly with reference to some mutual financial undertaking.

Let the amount of all intergovernmental debts be ascertained and fixed, including the debts of our late enemies for reparations.

Then let obligations, promises, or bonds, if you choose to call them such, maturing in 40 or 50 years, be issued for the total of these debts by a corporation formed for the purpose, which would act as a formal obligor. This corporation would embrace representatives of the debtor nations, including former allied nations which owed debts to the United States and former enemy nations which owed reparations.

The new bonds would replace all existing bonds covering the different classes of debt. Provision would be made for redemption from a sinking fund to be formed and maintained by contributions representing the agreed and equitable proportion of each nation.

Each of the debtor nations would agree to pay an annual sum, equivalent to an agreed per cent of its actual expenditure upon armaments for the year 1932, to be applied to the payment of interest and the redemption of the bonds. It has been estimated that 11 or 12 per cent of the present military and naval expenditures of the debtor nations would suffice.

The United States, although a creditor nation, would agree to make an annual contribution equivalent to a per centum of its Army and Navy expenditures for 1932, which would be equal to, or have a just relation to the sum paid by the principal debtor nations.

We would do this as our contribution to an effective and practical reduction in world armament.

Furthermore, it would be an act of cooperation with our debtors in liquidating this great mass of debt, and in coping with a situation that is world-embracing.

The United States would be the eventual and ultimate recipient of the sums paid in, as obviously in the consolidation of the total intergovernmental debts the final and effective figure would be the net indebtedness.

This plan could hardly be stated more generally, but its details, both legal and mathematical, could readily be worked out.

It would involve no new taxation but only the better application of revenues which, in the darkest year of the depression, it has been found possible to create.

It would mean a forward step toward reduced armaments, when to date no substantial progress has been found possible.

Perhaps as an alternative to general repudiation, which is unthinkable; to cancellation or revision, which is impossible—and to the existing scheme of payments which we are assured by the debtor nations can not be continued, this proposal has something in it worthy of examination.

THE BANKING ACT

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from Montana [Mr. WHEELER] in the nature of a substitute for the amendment of the Senator from Louisiana [Mr. LONG].

Mr. WHEELER obtained the floor.

Mr. GLASS. Mr. President, will the Senator yield to me for a moment?

Mr. WHEELER. I yield.

Mr. GLASS. Mr. President, I shall not enter into any discussion of the proposed substitute amendment. It deals with a problem that is totally foreign to the purpose of the bill, and, of course, I shall ask the Senate to reject the amendment; but I want to give notice that hereafter when propositions so entirely foreign to the purposes of the banking bill are presented, I shall undertake to conserve the time of the Senate by moving to lay them on the table and not have the time of the Senate taken up with discussion. The banking bill is designed to prevent bad banking and to insure in some measure good banking and has nothing to do with the issuance of currency, and hereafter I shall treat foreign proposals just in that way.

Mr. LONG. Mr. President, that has not always—

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Louisiana?

Mr. WHEELER. I yield.

Mr. LONG. That has not always been the position of the Senator from Virginia. During the last session of Congress a bill which he had for the inflation of the currency was offered on the home loan bank bill as being of aid and assistance in connection with that bill and was supported by the Senator from Virginia. I can not see how the Senator can now make fish out of one and fowl out of the other.

Mr. GLASS. That is my position now, Mr. President. That is the important point.

Mr. WHEELER. Mr. President, I appreciate what the Senator from Virginia has said, and I can assure him that I am not offering this amendment for the purpose of delaying his bill, whatever the effect of it may be. I am offering the amendment for the reason that it has become quite apparent that the legislation it contemplates would not have an opportunity to be heard or to be considered at this session of the Congress; and, by reason of the importance of the subject and particularly by reason of existing conditions throughout the world, it seems to me that the Congress of the United States ought to give serious consideration to the problems which I am about to discuss.

First of all, Mr. President, let me say that I offered this bill in the Senate just a little over a year ago and at that time I issued this challenge:

I assert—and challenge intelligent criticism, not mere denial—of the following statements:

First. The enactment of my bill into law would immediately thereafter nearly double the volume of the world's primary money, with the resultant increased conservative credit basis of twenty times the amount of primary money thus added to the world's stock.

Second. Within one year after the enactment of this bill the world's price of wheat, cotton, and all agricultural products would be more than trebled.

Third. The purchasing power of over 50 per cent of the entire world's population now using silver as their sole yardstick of exchange and business transactions would contemporaneously be quadrupled; that is, the value of the silver stock would increase from 30 cents to \$1.30, resulting in the creation of a market which would more than absorb all the surplus of our raw materials and manufactured products.

Within two years all our present agricultural land values throughout the United States would be more than quadrupled,

thereby transforming the present frozen assets of the country banks in agricultural communities into liquid assets.

The unemployed-labor problem would be rapidly solved.

Both labor and capital would be benefited.

Contentment, happiness, and lucrative occupation would be substituted for discontentment and despair, with their inevitable resultant tragedies to follow.

It would relieve starvation in the midst of plenty.

This legislation would do more than all suggestions heretofore combined toward reviving, encouraging, vitalizing, and resuscitating business in this country and throughout the world.

The market prices of securities, especially the common stocks of all corporations enjoying honest, efficient managements and being properly financed, where listed on some of the great stock exchanges of this country, would almost contemporaneously show increased activity and market value.

Since that time, Mr. President, nobody on either side of this Chamber has risen in his place to deny or to controvert the challenge which I issued at that time. Not only that but during that period of time we have seen an increase in the number of mortgage foreclosures; we have seen an increase in the number of bank failures; we have seen country after country go off the gold standard, until to-day something over 42 nations of the world are off that standard.

I wish to call attention to a statement which was issued by the president of the United States Chamber of Commerce. He said:

For a year and three months depreciated foreign currencies have been exerting an undermining influence upon our economic situation—

First, by negating our tariffs so that, in our home markets, American goods have been displaced, factory output cut down, and unemployment increased;

Second, by depressing price levels and preventing any upward price movement to a basis of fair return for American labor and capital;

Third, by decreasing much-needed customs revenue to our Government.

Over half of the products coming into the United States are benefiting from the advantage of depreciated currencies. Over 20 foreign countries have the advantage in undercutting the prices of American products.

Mr. President, in addition to that, I desire to call attention to a statement made by President Hoover in his address to the Congress of the United States on December 19, 1932, in which he said:

The depreciation of foreign currencies lowers the cost of production abroad compared to our costs of production, thus undermining the effect of our protective tariffs.

I want particularly to call attention of those on the other side of the Chamber to this statement, because I propose to show before I conclude that, as a matter of fact, the remonetization of silver would do more to make the tariff effective upon manufactured cotton goods and on every other commodity on which a tariff is levied to-day than would any other single piece of legislation that has been offered in this Congress or in any other Congress since the depreciation of the currencies of other countries.

The President continued:

I concur in the conclusions of many thoughtful persons that one of the first and most fundamental points of attack is to re-establish stability of currencies and foreign exchange, and thereby release an infinite number of barriers against the movement of commodities, the general effect of which would be to raise the price of commodities throughout the world.

I propose, Mr. President, to show that the remonetization of silver would do more to stabilize the currencies of the world than any other piece of legislation that has been offered in this branch of the Congress or in the other branch of the Congress. The President further said:

While the gold standard has worked badly since the war, due to the huge economic dislocations of the war, yet it is still the only practicable basis of international settlements and monetary stability so far as the more advanced industrial nations are concerned. The larger use of silver as a supplementary currency would aid stability in many quarters of the world. In any event it is a certainty that trade and prices must be disorganized until some method of monetary and exchange stability is attained.

Then, Mr. President, I want to call the attention of the Senate to an article in the Saturday Evening Post, by Mr. Samuel G. Blythe. In this article he says:

There are rubber boots there, made in Japan, that cost in American money, to land in this country all charges paid, just under 34 cents a pair, and that can not be made in this country for less than 95 cents a pair. There are rubber boots from Czechoslovakia, that cost the Czechs \$1.16 to lay down in this country, that can not be made here at less than \$1.48 a pair. And plenty of other rubber boots, shoes, overshoes, and so on, that carry out these ranges. There are rubber toys, beach balls, swimming rings, and other beach paraphernalia with the same discrepancies—a swimming float, for instance, that costs 17 cents to get into this country from Japan and costs us \$2.46 to make. Rubber dolls that Japan sends here for \$4.26 a gross and cost Americans to make \$7.84 a gross; celluloid toys that Japan sends over for \$20.14 a gross and cost \$33 a gross to make here; celluloid combs that Japan offers here for \$11.06 a gross and cost us to make \$25.86 a gross. Such things by the hundred.

I want to call the attention of those who come from the cotton manufacturing States to this statement:

Japan lands here cotton hit-or-miss rugs at 6 cents each, and we can not make one of these rugs, with our wages, at a less cost than 29 cents. Japan sends grass rugs, 9 by 12 in size, landed here all charges paid for 92 cents each, and they cost our manufacturers \$8.88 each to make.

And so on, taking up, item by item, goods manufactured in China and Japan.

Mr. DAVIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Pennsylvania?

Mr. WHEELER. I am glad to yield to the Senator from Pennsylvania.

Mr. DAVIS. What does the Senator think about putting an embargo upon those products and in that way preventing them from coming in?

Mr. WHEELER. I am glad to answer the Senator's question. I would not advocate such a course for the simple reason that putting an embargo upon those products would not in the slightest degree affect world commodity prices. What we are seeking to do—what everybody wants to do—is to increase the purchasing power of the people, not only of this Nation but of the world.

I submit to the Senator from Pennsylvania that there is only one way that has been suggested by which Congress, acting singly and alone, can raise world commodity prices, and that is to remonetize silver. By doing that we would double the primary money of the world, and we would increase the purchasing power of over 60 per cent of the peoples of the world. It would treble or quadruple the purchasing power of 60 per cent of the people of the world, who now use silver money, so that China, India, and Japan, and the other silver-using countries, instead of being able to sell to us and dump their products in this country, as they are doing to-day, would come into our market and purchase our goods and not be dumping theirs upon the American market.

I have never been a believer in embargoes in any shape or form, because I have always been forced to the conclusion that if we should put embargoes around this country we would thereby destroy our foreign trade, and we being an exporter of raw materials and manufactured goods, we can not confine our industries just to our home consumption without ultimately destroying ourselves.

Mr. DAVIS. Then, the Senator hopes to increase the buying power of China and Japan in the expectation of exporting more of our own manufactured products to them?

Mr. WHEELER. Exactly. In addition to that, Mr. President, we would increase their cost of production so that they would be unable to underbid us in the world market, for by quintupling the price of their money we would quintuple the cost of their production as measured by our production costs.

Mr. DAVIS. Then, the Senator does not take into consideration that practically about 95 per cent of all we produce is consumed at home and that we export only 5 per cent?

Mr. WHEELER. The trouble with that argument is that the 5 per cent of the articles we sell abroad does not include farm products, but only manufactured goods. The surplus wheat and cotton which we export fixes the price the farmer gets for these crops in the United States. My bill would

raise the world commodity price level and thereby increase the price of all our commodities of which we have a surplus.

Mr. DAVIS. Then, the low prices on the foreign market of articles shipped here destroy the local prices.

Mr. WHEELER. Of course it is the depreciated currencies of the world to-day that is destroying prices; it is the depreciated value of the money of 60 per cent of the peoples of the world that is destroying the world market and destroying our market.

No country in the world has ever been able to live within itself; and no country, in my humble judgment, will ever be able to build a tariff wall or put an embargo around itself without destroying its own civilization.

Now, Mr. President, I wish to call attention to exactly what the amendment proposed by me will accomplish. First, I want to call attention to the effect of depreciated currencies:

Let me give a simple illustration of how this principle is working to our disadvantage to-day. Let us suppose that Canadian currency depreciated 50 per cent like that of Japan, and that a shoe manufacturer in Boston and one in Toronto were each paying their labor \$6 a day, and that the average cost of making a pair of shoes was in each factory \$2 a pair. The Canadian dollar, although depreciated 50 per cent (as measured by our gold dollar), would still buy as much labor or pay as much rent or debt in Canada as the United States dollar would purchase or pay in the United States. To all outward appearances, the standards of living and the value of each dollar were identical as long as it operated within its own country. It was only when the dollar crosses from one country to the other that the difference became apparent. The factory cost of production in the Toronto factory and in the Boston factory was \$2 per pair of shoes, measured in the dollars respectively of each country. But see what happens when trade crosses from one of these countries to the other. An American merchant goes to the Canadian factory and finds that one American dollar will purchase one pair of \$2 Canadian shoes. This seems like a good bargain to the American, so he imports his shoes from Canada. But let us suppose that a Canadian merchant comes to the Boston shoe factory to purchase American-made shoes valued at \$2 a pair in United States money. He finds that it will cost him \$4 of his Canadian money to buy one pair of \$2 American shoes, and the chances are he will not purchase them.

Now, if you will multiply that simple illustration by many thousands, you will understand the great commercial advantage enjoyed by countries with a depreciated currency, and why Japan is able to flood this country with her products at a cost delivered here in the United States of less than one-half our cost of producing them.

Let me call attention to the effect of what is happening with reference to wheat.

By reason of the depreciated currency of Argentina of 40 per cent, the farmer of Argentina gets 40 per cent more of his currency for his wheat. He can pay off 40 per cent more of his fixed charges. His cost of production, to the extent that he has to hire labor, is 40 per cent less than that of the American wheat farmer.

In other words, assume that the world price of wheat was 50 cents gold. The American farmer would get for that wheat 50 cents, less handling charges and transportation charges, while the Argentine farmer would get for his wheat 70 cents of his money, and he could pay off 40 per cent more of his indebtedness and 40 per cent more of his taxes and 40 per cent more of his transportation charges, and so he could undersell us in the world market.

Now, Mr. President, I want to call the attention of the Senate to another matter; and I must hurry, because of the fact that my time is limited.

Mr. LONG. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Louisiana?

Mr. WHEELER. I yield for a question.

Mr. LONG. The Senator from Montana has not spoken yet on any amendment we have had up here. I ask unanimous consent that we extend his time 30 minutes in order that he may discuss this question, because a number of us are very anxious to hear him.

Mr. BULKLEY. I object, Mr. President.

The PRESIDENT pro tempore. Objection is made.

Mr. WHEELER. I thank the Senator from Louisiana; but the Senator from Ohio need not object, because I do not want to be unfair to any other Member of the Senate, and I am not asking for any special privileges in this body or anywhere else.

I want to call the attention of the Senate, however, to this matter, and I want to call as witnesses three great economists—two of them, particularly, England's famous economists. They were testifying with reference to the price of wheat and the effect of the depreciation of silver.

We hear so much to-day about the high price of gold being the cause of the fall of prices in this country. I assert without fear of challenge that it is not the high price of gold that is wrong, but the thing that is wrong is the depreciation of the money yardstick of over 60 per cent of the people of the world, and that is the depreciation of silver.

Let me call your attention to the statement of Mr. Nicholson, who in his time was looked upon as the greatest economist of Great Britain. The question was asked about Indian wheat, and he said:

Indian wheat is the very wheat that is complained of by Secretary Manning, Secretary of the United States Treasury, as having lowered the price of European and American wheat, and he attributes it all to the divergence of gold from silver. You do not think tying gold and silver again would raise the price of English and American wheat by 25 per cent?

In his reply Professor Nicholson discusses the factors entering into the determination of prices under given conditions, and on the point immediately germane to the point under discussion says:

Now it seems to me probable if the price of silver rose to its old level, wheat could not be profitably exported from India until prices rose in a corresponding degree; for India being a silver country, the price of wheat there is independent of the relative value of gold and silver. An exporter to England at present will give the Indian price in silver, and he can buy his silver for less gold, and thus competition will lower the price. If the price of silver rose, the exporter from India must get more gold. Thus a rise of silver would, on this view, raise the price of wheat to a corresponding degree.

What is true in India, my friend, is likewise true in every silver-using country throughout the world. Mr. Daniels, in his work on the Industrial Competition of Asia, Mr. Bagehot, in his work on the Depreciation of Silver, both of them being gold monometallists, agree in substance with the statement I have just read from Mr. Nicholson.

At a meeting of the British and Colonial chambers of commerce, held in London, 1886, Sir Robert Fowler, a member of Parliament, a banker and ex-mayor of London, made the following statement:

"The effect of the depreciation of silver must finally be the ruin of the wheat and cotton industries of America and be the development of India as the chief wheat and cotton exporter of the world."

Is there anybody in this body who dares stand here and challenge these statements?

Oh, I know what is being said. The Hearst paper this morning said I was reviving the old Bryan 16-to-1 doctrine. Let me say to you that I have no pride of authorship about this matter. Bryan was not the originator of it. I am simply asking the Members of the Congress of the United States to have the courage to adopt the money of their forefathers.

Is there anybody on the other side of the Chamber who wants to stand here and challenge the wisdom of Alexander Hamilton? Is there anybody on this side of the Chamber who dares stand here and challenge the wisdom of Thomas Jefferson?

Talk about its being a Bryan 16-to-1 doctrine! Silver was the money of Thomas Jefferson. It was the money of

Alexander Hamilton. It was the money of James Madison. It was the money of all the great leaders who have gone down in history as the greatest statesmen of America. We were on a bimetallic-standard basis from 1792 down to 1873; and, according to the uncontradicted sworn testimony of Members of Congress, silver was demonetized through trickery and deception. The Rothschilds of England, who controlled the gold of the world, acting through one of the international bankers of this country, brought pressure to bear upon the Congress of the United States to demonetize silver in order that they might more easily control the money and credit of the world.

Oh, I know the fear that is in the hearts of some people here. The statement is frequently made that we would be flooded with silver if we should remonetize silver.

Let me say to the Members of the Senate that I have recently talked with one of the leading financiers of the United States. I talked with him last night in my own home. I asked him the question that many of you are asking yourselves, as to whether the United States alone could adopt bimetalism, and while he is not in favor of bimetalism, but has always been a gold-standard Republican, he said to me last night that in his opinion there was no question but that we could maintain bimetalism on the basis of 16 to 1, or 20 to 1, or 14½ to 1, because of the fact that at the present time the commercial and financial position in the United States is such that the minute we adopted it the world would know that we could carry it out. The trade balances are practically all in favor of the United States.

If we remonetize silver, what do we do? Do we decrease our commercial balances abroad? Not at all. We increase our commercial balances abroad, because we make it possible for countries to buy from us that are unable to buy from us now, due to their depreciated currencies, and consequently we increase trade balances with the Orient, where they are decreasing at the present time.

Talk about taking gold out of this country! How is gold going to be taken away from the United States when the trade balances are in favor of the United States? The only way that gold can be taken out of the United States is by taking up the difference of trade balances; and when the trade balances of China and India with us would be more favorable, it is impossible for them to dump their silver in this country.

Again, Mr. President, let me call attention to this fact. The economist for one of the largest banks in the city of New York, who is against any deflation, made this statement to me in private conversation, but said that he could not be quoted. When I asked him the question as to whether we would be flooded with silver if we should remonetize it, he said, "Why, of course not." He said, "The economic and commercial standing of the country at the present time is so great that the price of silver would immediately go to \$1.29³/₁₀₀ all over the world. Why should they send their silver here, with the cost of shipping it here, when it would have the same purchasing power in China or in India as it would have here?"

Somebody says to me, "Oh, but they will melt up their silver spoons!" Did they melt up their silver spoons in 1919? At that time the price of silver was more than \$1.29³/₁₀₀. Did they melt up their silver spoons then? The price of silver generally throughout the world has been \$1.30. Did India melt up her silver spoons then? Did she send her jewels and the great mass of silver she is holding into the United States?

Compare, if you will, the standing of the United States of America in the financial world, in the trade world, in the commercial world in 1932, with favorable trade balances all over the world, with her position in 1873. All fears that we would be flooded with silver as a result of passing my bill are based upon misconception relative to the amount of silver in the world to-day, and the further fact that the passage of my bill would raise the price of silver throughout the world to \$1.29³/₁₀₀ and there would be no profit in shipping it to the United States.

Why, my friends, England went on the single gold standard in 1816, France, if my memory serves me right, about 1870, Germany about 1871, and the United States in 1873, not because we were being flooded with silver, not because it was not beneficial to the United States, but because the international bankers, acting at the behest of the Rothschilds in England, insisted and slipped through a proposal here in the Congress that nobody here understood, except possibly one or two men, and thus they demonetized silver in the United States.

We speak of an international conference, and that we are going to be able to get it now. Why should England, for instance, want to agree with us to remonetize silver? England's manufacturing interests at the present time have the United States by the throat, so to speak. They can get their raw materials, their cotton and their wheat, and their other raw materials from India and from countries that are off the gold standard cheaper than they can get them from the United States.

In addition to that, let me call your attention to the fact that by reason of her depreciated currency she can undersell us in the markets of the world. Also, by reason of the depreciation of silver in China, Shanghai is booming; Hong Kong's factories are booming, while the factories of the United States—the cotton factories at Haverhill, at Lawrence, at Lowell, Mass., and throughout the South—are finding it impossible to compete with the countries whose currencies have depreciated. The same thing is true of all our manufacturing industries whether it relates to boots and shoes or the product of our steel mills. Then why should we expect England or these other countries to join with us in an international conference when they now enjoy a commercial advantage over us, due to their lower production costs?

Oh, it may be said that we should not put a provision of this kind upon this bill, as the Senator from Virginia says; but I want to say without fear of contradiction that we can not go before the 12,000,000 unemployed who are walking the streets of America to-day and offer that as an excuse for not putting this provision upon this bill. We can not go to the millions of farmers who are losing their farms to-day through foreclosure and offer that as an excuse for not voting for this amendment to-day.

Those who represent the cotton mills of Massachusetts, and those from the South, can not go before the manufacturers of their States and the other people of their States, and they can not go before the bankers of this Nation, who have written to me by the score, and say, "I did not want to vote for it because I did not want to put it on the Glass bill," a measure which offers to the people of the country little, if anything, in the way of help to the hundreds of thousands, yea, millions of men, who are tramping the streets of this country to-day.

Mr. President, I am standing here pleading for the United States as against China. I am standing here pleading for the United States as against India. I am standing here pleading for the United States as against Great Britain, and as against every other nation in the world, and I say that no scheme has been offered in Congress during the last year that would do so much to stabilize the currencies of the world as would the remonetization of silver. The only reason why we are not adopting a measure remonetizing silver is that some fear political consequences will follow, such as followed in 1896, when we only copied what the forefathers of the Nation had adopted, only copied what was adopted as the money of the Constitution in 1792.

The PRESIDENT pro tempore. The time of the Senator from Montana has expired.

Mr. SHEPPARD. Mr. President, out of reverence for the enthusiasms of the past, which I have always believed to have had a logical foundation, I am going to vote for the pending amendment. My first two great enthusiasms in life were Bryan and silver. My first public political speech was for free silver and Bryan at Mount Vernon, Tex., in 1896. Bryan was at that time the Democratic nominee for the

Presidency on a platform favoring the remonetization of silver.

I can remember how proud I was of the expression which I coined as an aspiring young speaker, after burning a great amount of midnight oil, when I said in the course of that address after picturing the economic gloom of the time, "And God said, let there be light, and there was Bryan."

I recall the wonderful sentences with which Mr. Bryan concluded the address on the money question before the Democratic National Convention of 1896, the address which won him the nomination for the Presidency: "Thou shalt not press down upon the brow of labor this crown of thorns. Thou shalt not crucify mankind upon a cross of gold."

I remember, further, how my youthful soul had been stirred and lifted by Bryan's dramatic description of that thrilling incident in the Battle of Marengo, when the drummer boy, ordered by Napoleon to beat a retreat, replied: "My masters never taught me to beat a retreat. Sire, I can not beat a retreat, but I can beat a charge. I can beat a charge that will make the very dead fall into line."

Mr. President, I am frank to say that I do not understand the money question to such degree as to be certain of my ground. I thought I understood it in 1896. I do not understand how to handle price levels in the world or in this country so as to prevent disastrous recessions, and I do not believe anybody else does. But I do know that the basis of Mr. Bryan's contention was the quantitative theory of money, and that after the campaign of 1896 there was a new influx of gold into the world, and that a marvelous era of prosperity followed. I know also that the present congestion of gold in two or three countries gives us the equivalent of another gold famine for the world.

Out of loyalty to the early enthusiasms to which I have referred; and out of the conviction that there is something in the quantitative theory of money, as illustrated in the recognition of silver now proposed, I am going to vote for the pending amendment.

Mr. WHEELER. Mr. President, may I make just one statement?

The PRESIDENT pro tempore. In the time of the Senator from Texas?

Mr. WHEELER. I ask leave to make the statement in the time of the Senator from Texas.

The PRESIDENT pro tempore. Does the Senator from Texas yield to the Senator from Montana?

Mr. SHEPPARD. I yield.

Mr. WHEELER. I just want to make this statement. I have given rather intensive study to this problem during the past year, I have consulted with economists, and if there is anybody who would like to ask a question, I would be only too happy to answer any question which might be propounded.

Mr. SHEPPARD. Is it not a fact that the principle on which Mr. Bryan founded his contention for the remonetization of silver was vindicated by subsequent events? Was it not true that there had been a decrease in the quantity of the basic money of the world, that is, in gold, a decrease continuing over many years, that this scarcity was threatening mankind, that an era of falling prices had accompanied that decrease; that some time after the campaign of 1896 there were new discoveries of gold, a tremendous increase in this basic metal, and a great era of prosperity? Is not that correct?

Mr. WHEELER. There is no doubt about it. I have here a pamphlet which has just been issued by Mr. H. S. Denny, an Englishman now living in Toronto, an expert, and recognized as one of the leading economists of Canada. He points out exactly what the Senator has said, and calls attention to the fact that the reason why the predictions of Mr. Bryan in 1896 did not come true was the tremendous discovery of gold in South Africa, and likewise by reason of the finding of gold in Alaska. Those discoveries helped to increase the quantity of the primary money of the world. But since that time, while there has been some increase in gold, yet due to the maldistribution of gold, much of which is held in France

and the United States, two things are happening to-day: There is not gold enough in the world to finance the expanding commerce of the world, and by reason of the tremendous expansion of the debts of the United States and all the world there is not gold enough to meet those debts.

Mr. SHEPPARD. Mr. President, we have a situation now practically parallel with the conditions in 1896, so far as the supply of basic money is concerned the world over.

Mr. WHEELER. Much worse, may I say.

Mr. SHEPPARD. In addition to the expansion of commerce there has been a tremendous increase in population throughout the world.

Mr. WHEELER. Exactly.

Mr. SHEPPARD. And there is greater need to-day for a larger volume of basic money than ever before.

Mr. WHEELER. Exactly.

Mr. TYDINGS. Mr. President, will the Senator from Texas yield to me to ask a question of the Senator from Montana?

Mr. SHEPPARD. I yield.

Mr. TYDINGS. I would like to ask the Senator from Montana this question: If these countries in South America or in India or in Europe continue to melt up their silver coin, or to debase their silver, will it not put the United States in the position of having to buy silver, because of a surplus, an unnatural surplus, so to speak, forced upon the world market by those countries which are debasing their silver coinage, as in the case of England, and Belgium, and France, and India particularly?

Mr. WHEELER. Let me say to the Senator, in the first place, that there is very much misinformation with reference to those facts. At the present time, according to Mr. H. S. Denny, the Orient is taking 180,000,000 ounces of silver a year, 180,000,000 ounces out of a production of 251,000,000 ounces in 1931, and the greatest production of silver the world has ever seen was in 1929. That year it reached the point of 261,000,000 ounces.

Eighty per cent of the silver of the world is produced as a by-product of copper, lead, zinc, and other metals. Twenty per cent of it is produced in silver mines, much of it in Canada and in Mexico. If the output of silver in the silver mines of Mexico were increased 50 per cent, the world supply would be increased by only approximately 15 per cent, if my memory serves me correctly.

Mr. TYDINGS. Mr. President, I do not think the Senator has gotten my question. For instance, when an attempt was made to put India upon the gold standard the Senator knows the silver coinage of India was gathered up and melted into bullion and sold upon the silver market.

Mr. WHEELER. Some of it.

Mr. TYDINGS. One year over \$100,000,000 worth was sold upon the world market, and of course silver coinage is still being melted in India. In fact, they have a tremendous amount of bullion stored, which, due to the decreased price of silver, is not now being offered in the market, as I understand it. My question was purely for information.

Mr. WHEELER. I understand.

Mr. TYDINGS. In other words, if the United States goes into the market with the definite policy of buying the silver whenever its price is so and so, as a matter of fact would not that encourage countries to fly from the silver standard, more or less to debase their coinage, and to dump silver upon the market, so that in effect we would be buying, not the new surplus which comes from the ground, but old silver coinage melted up by these countries because it was financially attractive for them to melt it up, and we would be compelled, under the proposed amendment, to buy it and take it off the market?

Mr. WHEELER. Quite the contrary, let me say to the Senator from Maryland. The minute silver is remonetized at \$1.29, we would not be buying. I submit that if we simply went into the market, as is proposed—if the Senator from Texas will permit me—

Mr. SHEPPARD. I yield to the Senator. I am glad to have the Senator make his statement.

Mr. WHEELER. If we went in, as has been proposed, and bought silver and treated it as a favored commodity, then there would be no question but that the Senator would be absolutely right, because of the fact that there would be no unlimited demand, and those countries would simply say, "We want to unload our silver upon the United States, dump it upon the United States market, and get away from it, because it is not going to be used as money."

Under my proposal the price of silver would be immediately stabilized the world over at \$1.29²⁵/₁₀₀. Consequently, the money of India, the money of China, the money of all the silver-using countries, would immediately have the silver purchasing power of \$1.29²⁵/₁₀₀ in those countries, and, as a result, it would be worth more in those countries than it would be worth in the United States, because to ship it over here would mean the necessity of paying the cost of transportation, the cost of insurance, and so forth.

Mr. TYDINGS. Mr. President, I still do not make my point clear. Assuming that silver is worth 24 cents an ounce, and the Senator's amendment drove up the price, it strikes me that would be an added inducement to these countries having bullion silver to sell it.

Mr. WHEELER. Not at all. They would not sell it to the United States. They would simply put it into coinage, because of the fact that that silver would then have a higher purchasing power, not only according to my statement, but according to some of the best known financiers of this country. I talked in my home last night with one of the leading economists of this country from New York. He stated that beyond a question of doubt silver would go to \$1.29²⁵/₁₀₀ the world over. I talked to one of the leading economists of one of the great banks of New York, as I stated a short time ago, who made identically the same statement. I talked to one of the leading economists in the city of Washington, who made the same statement. Unfortunately, these men, by reason of their connections and their holdings, are unwilling to go before some committee of Congress and testify at the present time. But if the price of silver rose to \$1.29²⁵/₁₀₀ in India, what incentive would there be to send that silver to the United States of America and to sell it to the United States? We would not buy it. My bill does not provide for the buying of silver by the United States.

Mr. TYDINGS. There would be every incentive, may I say to the Senator, because if they could sell for that price they could turn around and buy gold with it, which all nations want, because that is the standard in which trade balances are settled.

Mr. WHEELER. If the price of silver money in India had a purchasing power of \$1.29, the same as it had in the United States, the man who would take his silver money and ship it to the United States, and thereby have to pay the expense of shipping it here—the transportation charges, and the insurance costs—it seems to me would be a very poor business man. There is only one way by which that silver would come to the United States, and that would be in exchange for manufactured goods.

Some silver would come here undoubtedly. If we remonetized silver to-morrow, undoubtedly there would be some speculators in India, some speculators throughout the world, who would immediately send their silver here, until such time as they found that we intended to maintain the price ratio provided in my bill and were strong enough in the world to maintain it.

Let me also call attention to this fact: England would immediately have to follow suit, in my judgment, because if she did not we would take the trade of the Orient away from Great Britain and people of the Orient would buy here instead of buying in Great Britain.

Would the Senator rather have silver in payment for manufactured goods, or would he rather have 12,000,000 people continue to be idle throughout the world? Everybody says that what we want is the opening of the factories; and the man who would first benefit by the adoption of my proposal would not be the farmer—it would be the manufacturer. Secondly, it would be the farmer who would benefit by it.

Mr. TYDINGS. If the Senator from Texas will permit an interjection—

Mr. SHEPPARD. Certainly.

Mr. TYDINGS. I want to say to the Senator from Montana that I feel that the stabilization of silver currency is the real foundation stone upon which rehabilitation may be built, and I want to vote for the measure which will best accomplish that result.

My only fear has been that, if the United States acts singly, other countries will continue to debase their silver so we will be in the position of a sponge, and we will have to absorb the silver which other countries will sell in order that they may get money with which to buy gold. My fear is that, if silver rises in Great Britain, she would sell her silver and buy gold which she sorely needs in many of her international relations. Therefore, unless nations act more or less in concert, if we take over the whole burden upon our own shoulders, I am afraid it may be a very staggering weight before we are done.

Mr. WHEELER. As I pointed out a moment ago, this country was on the bimetallic basis up to 1873. England went off the bimetallic basis in 1816, France about 1870, and Germany in 1871. The last two countries that were on the bimetallic standard, and they were there alone, were Germany and the United States. We were on it alone for something over a year when no other country in the world was on it. I challenge anyone to go back through the records and point out where anyone complained of the dumping of silver in this country in 1873.

Mr. TYDINGS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Texas yield further to the Senator from Maryland?

Mr. SHEPPARD. I am glad to yield.

Mr. TYDINGS. I am not taking issue with the Senator, but I know the Senator will be fair enough to concede that the need for dumping to-day, through national exigencies all over the world, is much greater than obtained in the years to which he has referred, for the reason that since that time the national-debt situation has become a web and every nation is attempting to get out of that web. The only way they can get out of that web is with gold. If they have not the gold, they must remain enmeshed until we make a settlement which will be appropriate.

I come back to the main objection, which to my mind might lie against the Senator's proposal, and I say it without any idea of belittling at all the splendid effort he has made to tackle and solve the question. It seems to me if the price of silver is materially increased the nations having silver will sell that silver at the high price and translate it into gold, because gold is the touchstone with which they must proceed to an orderly progress in their own country. My thought is that it will encourage the sale of silver with the idea of translating it into gold.

Mr. SHEPPARD. May I say at that point that nearly half the people of the world live in the silver-using Orient. They have been accustomed to silver for centuries. They are not accustomed to gold and will not use it in ordinary transactions for many reasons. No people are more weighted down by custom and habit than the people of the Orient. To say that they would change their whole monetary system and put it upon a different basis and substitute gold for silver, making wholesale purchases of gold for that purpose, would be to advance an almost unbelievable idea.

Mr. TYDINGS. Mr. President, will the Senator yield further?

The PRESIDENT pro tempore. Does the Senator from Texas yield further to the Senator from Maryland?

Mr. SHEPPARD. Certainly.

Mr. TYDINGS. Take the question of China as an exact illustration. China is on the silver standard. China is comparatively prosperous at the present time. But suppose the Chinese Government needs 30 or 40 airplanes with which to fight the Japanese or for the purpose of putting down banditry in China or for any other purpose. In order to acquire those airplanes she has to have gold, because there are no airplane factories in China. If she buys them from

the United States, she has to take a vast amount of silver and translate it into gold in order to acquire the airplanes.

China at the present time can stand no new internal taxation. She is at the saturation point. She is on the silver standard. The result is that China is impotent. She can not defend herself because she has not the weapon of gold with which to go out into the armament market and buy the equipment she needs to hold off Japan or to establish order in her own country.

Mr. WHEELER. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Texas yield to the Senator from Montana?

Mr. SHEPPARD. I yield.

Mr. WHEELER. The very argument the Senator is using is the very argument that should be used. In the first place China is a buyer of silver. The only thing in the world that China knows is silver. She will not divest herself of silver because her people will not use anything else. If she shipped all of her silver here to-morrow, she would have to buy it back somewhere else in the world, in order to have a currency for domestic and foreign trade. The reason China is in the shape she is now is because of the depreciation of silver. She can not buy airplanes and she can not buy automobiles to-day because her purchasing power has been killed. Remonetize silver, bring it up to where it was for centuries, \$1.30, where it has always been until England sought to put India upon the gold standard, sought to debase the silver of the world, and we would put purchasing power in the hands of the Chinese Government.

Mr. TYDINGS. I agree with the Senator.

Mr. WHEELER. We would make it possible for the Chinese Government to come to this country and buy automobiles and shoes and clothing and everything else she may need. We would open the factories of this country, and nothing else under the sun can do it, because we would quintuple the purchasing power of over 60 per cent of the people of the world in that way.

Mr. TYDINGS. Mr. President, will the Senator from Texas yield for one final observation?

Mr. SHEPPARD. I am glad to yield to the Senator from Maryland.

Mr. TYDINGS. I stated in the early part of the brief remarks I have made that, of course, the rehabilitation of silver is one of the prime factors in world recovery. The Senator is, of course, arguing that the rehabilitation of silver will straighten out many of the questions which now confront the world. What I am attempting to say to the Senator is that China, knowing the position of silver is more capricious and uncertain than that of gold, would immediately, if she had wise statesmen, sell her silver at the high price, translate it into gold, and then have something that, no matter what happens to silver, would permit her to acquire the necessities to maintain her national existence.

My fear is that his proposal will encourage the sale of silver by the silver countries and, therefore, undo to a large extent what the Senator proposes to do, unless the United States becomes an international sponge to absorb all of the silver in the international pond.

Mr. WHEELER. Mr. President, will the Senator from Texas yield further to me?

The PRESIDENT pro tempore. Does the Senator from Texas yield further to the Senator from Montana?

Mr. SHEPPARD. I am glad to yield to the Senator from Montana.

Mr. WHEELER. For centuries and centuries England has been trying to get China to do exactly what the Senator says he fears. England went in and deliberately pounded down and debased silver in India because she wanted to drive India upon the gold standard. She could not do it because the Indian people by tradition still cling to silver and nothing under the sun can make them go to gold. How would they get gold and what would they do with it after they got it? They would have to put it in their banks and issue paper currency. No Chinese in China will take the paper currency of China. It is an impossible physical proposition to do it.

On the contrary, the remonetization of silver would do more to open the factories of the Senator's State than any other single piece of legislation that he or anybody else has proposed. Several pieces of legislation have been offered for the purpose of treating silver as a favored commodity. It is proposed to go into the world market and buy up the surplus of silver, just as we tried to do with wheat and as Brazil tried to do with coffee. That has not worked; it could not work; and it will not work. Nobody knows how much of a surplus of silver there is in the world.

There is only one way to carry out the idea of the Senator from Maryland to rehabilitate the world to-day and open the markets, and that is to remonetize silver. If the United States will do it, we need not have the slightest fear, because there is more sentiment, I am told, for the remonetization of silver in Great Britain to-day than there is in the United States, but they are being held back by the same influences that are holding us back—by a little group of selfish bankers of the United States who to-day have practically all of the money in their vaults. They are not lending it to the people of the country, and I do not blame them for that particularly, because, with prices falling and falling, no banker can make a loan to-day that is safe to-morrow. It may be safe to-day but not to-morrow. They have the money, and if they hold it and this depression continues, think of the power they will have. They will be able to take over not only the independent banks of the United States but all of the businesses of the United States.

Last night, as I said, this financier said to me, "The only thing I am afraid of, Senator, is that the remonetization of silver will not inflate enough, and it will not do it quick enough, because," he said, "the sound financial structure of this Nation is tottering." Another great financier in the city of New York said to me, "Senator, you are getting conservative. I do not think your proposal will do enough." Yet we are sitting here in this Chamber with the financial structure of the country tottering and we are doing nothing.

I am simply offering an amendment and asking the Members of the Senate to vote on it to get a start. I have no fear it will go too far. The fear that it will not go far enough to inflate and bring the dollar back in its purchasing power to where it was in 1928 is the fear I have. If they would take silver money for our manufactured goods it would help to bring back the purchasing power of the gold dollar. Remonetize silver and we would double the primary money of the world; we would immediately decrease the value of the purchasing power of the gold of the world; we would increase the purchasing power of the people of the world, the very thing that we want.

We may try to inflate our currency by paper, but we will never for one minute raise the commodity price level. When Germany's mark went to zero it did not affect the world commodity price level. When Austria's mark went to zero, that did not affect the world market price level. When Russia's ruble went to nothing it did not affect the world market.

But, Mr. President, I say that no single act that can be done by the United States Congress will be of so much benefit to the people of the United States as the remonetization of silver—not only to the people of the United States but the people throughout the world. Yet we sit here in the Senate of the United States, with our factories and banks closing, with 12,000,000 people walking the streets unemployed, with the farmers up in arms refusing to pay their taxes. Absolutely there is, as a matter of fact, a small revolution prevailing at the present time in the Middle West, and it is spreading day by day. Yet we sit idly by, afraid to act, afraid to do this, afraid to do that, afraid the national banks will object, afraid that somebody will criticize us when we are only trying to do something. While the house is burning we sit here afraid. We are afraid that some man is going to say, "He is going to vote against it because he does not want to put it upon the Glass bill as an amendment." Senators, go back home and tell your people you did not want to do it because you did not want it as an amendment upon some bill that will not do the country a bit of

good—and yet we can not get it another way—and see what the response of your people will be.

Leading editorial from the Portland Sun, dated April 25, 1896:

EFFECT OF THE TWO STANDARDS

It is a fact, not a theory, supported not only by the best known authorities but by the common sense of every individual who carefully investigates the question, that the bullion value of silver directly influences and governs the price of wheat, cotton, and all other products raised in nations on a silver monetary basis. Anyone of ordinary intelligence or rightfully outside the wards of idleness or the insane asylum, appreciates the fact that the products of all nations on a gold monetary basis which are sold in competition with similar products raised by nations on a silver monetary basis are also directly affected by the bullion value of silver. The prices of such products rise as the bullion value of silver rises, and fall as the bullion value of silver falls. In evidence of the correctness of these statements, the Sun quotes from the report of the British royal commission on gold and silver, held in 1887. Before this commission Mr. J. Shield Nicholson, professor of political economy at the University of Edinburgh and one of the most distinguished economists of Great Britain, gave his evidence in reference to the effect of the competition of India on the price of American and English wheat. The following question, which is precisely to the point, was put to Mr. Nicholson by a member of the commission:

"Indian wheat is the very wheat that is complained of by Secretary Manning, Secretary of the United States Treasury, as having lowered the price of European and American wheat, and he attributes it all to the divergence of gold from silver. You do not think tying gold and silver again would raise the price of English and American wheat by 25 per cent?"

In his reply Professor Nicholson discusses the factors entering into the determination of prices under given conditions, and on the point immediately germane to the point under discussion says:

"Now it seems to me probable if the price of silver rose to its old level, wheat could not be profitably exported from India until prices rose in a corresponding degree. For India, being a silver country, the price of wheat there is independent of the relative value of gold and silver. An exporter to England at present will give the Indian price in silver, and he can buy his silver for less gold, and thus competition will lower the price. If the price of silver rose, the exporter from India must get more gold. Thus a rise of silver would, on this view, raise the price of wheat to a corresponding degree."

What is true of India is true of Russia, the Argentine, Egypt, and every other competitor of the United States that is on a silver monetary basis. What is true of wheat is also true of every other product raised by nations on a silver standard and sold in competition with products of a similar kind raised in the United States or in other gold-standard nations.

Should any of our readers desire further evidence on this point, we would call their attention to Mr. Daniel's work on the Industrial Competition of Asia, also Mr. Bagehot's work on the Depreciation of Silver. Mr. Bagehot was for many years the editor of the London Economist, and is to-day one of the most pronounced gold monometalists of Europe; advocating the tenability of his position for the reason that the lower the bullion price of silver the cheaper can Great Britain get her wheat, cotton, and raw materials, for a supply of which she has to depend upon other nations. Mr. Bagehot, in his work just referred to, on page 54, very tersely expresses this fact as follows:

"The necessary effect of a depreciation of silver as against gold is to give a bounty on exports from India and the other silver-using countries to England. An English merchant can now buy many more rupees than he formerly could with the same number of sovereigns, and therefore he can import from India, though prices at Calcutta are not at a level at which it would have paid him to operate if he had not had the novel facility in getting rupees."

At a meeting of the British and Colonial Chambers of Commerce, held in London, 1886, Sir Robert Fowler, a member of Parliament, a banker and ex-mayor of London, made the following statement:

"The effect of the depreciation of silver must finally be the ruin of the wheat and cotton industries of America and be the development of India as the chief wheat and cotton exporter of the world."

The gentleman's sagacity and farsightedness is clearly demonstrated by present existing conditions. In 1886, the time of the gentleman's prediction, wheat was 87 cents per bushel in Chicago, cotton 10 cents per pound in New York, and silver 99 cents an ounce. Since then wheat has touched 50 cents per bushel in Chicago, cotton 5½ cents per pound in New York, and silver 56 cents per ounce. To-day there is a speculative rise in silver, due to the probable call by Germany of an international conference, and a consequential rise in cotton, wheat, and all other products of silver-standard nations. A rise approximating 20 per cent is shown by to-day's prices in silver, cotton, and wheat above the lowest figures touched by those commodities.

No better arguments in favor of the free and unlimited coinage of silver can be advanced in the United States than the arguments of the gold monometalists advanced in Europe. The conditions are exactly reversed on the two continents. The United States are producers of breadstuffs and raw materials, exporters, and debtors; Europe, or particularly Great Britain, are consumers of breadstuffs

and raw materials, importers, and creditors. Thus it is seen that if the world's price of silver be nearly doubled by the remonetization of that metal by the United States, the present price of cotton, wheat, and our other cereals will also be nearly doubled, on account of the direct effect and influence that the bullion value of silver has upon the price of those commodities. Under the remonetization of silver the producers of Oregon would receive on a conservative estimate \$25,000,000 more for their products annually than they receive on the single gold standard. Every community or State dependent for the greater portion of its wealth upon its agricultural resources has been as directly affected by the demonetization of silver as has the State of Nevada or any other State noted for its silver mines.

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA,
Washington, December 16, 1932.

For a year and three months depreciated foreign currencies have been exerting an undermining influence upon our economic situation:

First, by negating our tariffs so that, in our home markets, American goods have been displaced, factory output cut down, and unemployment increased.

Second, by depressing price levels and preventing any upward price movement to a basis of fair return for American labor and capital.

Third, by decreasing much-needed customs revenue to our Government.

Over half of the products coming into the United States are benefiting from the advantage of depreciated currencies. Over 20 foreign countries have that advantage in undercutting the prices of American products.

The membership of our chamber urges emergency legislation to meet this condition.

Facts about the situation are set forth in the inclosed report of the foreign commerce department committee of the chamber, together with suggestions as to the legislation needed.

These proposals, you will observe, ask only that the competitive status prevailing prior to September, 1931, be restored—surely a measure which present conditions make highly desirable.

I trust you will give this report your consideration and support the necessary legislation in the interests of increasing revenues, restoring employment, and giving to our American producers a fair competitive position in their own home market.

Very truly yours,

H. I. HARRIMAN, President.

[From the Saturday Evening Post, December 3, 1932]

"BUY AMERICAN"

By Samuel G. Blythe

England was in the tumult of her latest national election. The mother country of the vast empire that belts the world, with her back to the topless wall of economic disaster, of political disaster, of social disaster, was fighting a finish fight against powerful foes, both within and without her little home islands, fighting with the desperation and the courage that love of country inculcates when the peril is great.

An American of world-wide interests, on his way to France, walked on a boat at Dover. He met a chief steward he knew.

"Who will win the election?" he asked the steward.

"England will win, sir," the steward told him, his shoulders thrown back and his answer confident. "England will win."

And England did win. He and thousands of his fellows were ready to save their country from the peril they had had a hand in making.

Some years before France was fighting the same sort of a battle, beset by similar economic enemies. Her franc was in danger. Her whole financial structure was being undermined. Debasement of her currency was threatened. Inflation was just ahead. The sappers and miners had their explosives and tunnels under the Bank of France.

Poincaré was making the fight to save the franc—an old man, and a patriot. The opposition was defiant, dangerous, resourceful, relentless, and led by Herriot, the chief of the Socialists. Herriot was always on the old man's flank, always goading, decrying, taunting, torturing Poincaré, even then feeble, but upheld by the love of his country.

Finally, after a vicious attack by Herriot, the aged statesman turned on Herriot, pointed a shaking finger at him, and raising his voice to its utmost limit, urged by that racial ferocity that exists in France as nowhere else, screamed:

"Are you a Frenchman?"

The noisy Chamber of Deputies stilled instantly. There was silence, complete and ominous, for half a minute as the old man stood with his outstretched arm and accusing finger pointing at the bulky Lyonnais. Then there came a howl of rage. The quibbles and sophistries and theories of a financial debate were forgotten. France was in danger, and every man in that chamber was a Frenchman before he was anything else, and before all else. Herriot, Premier himself as this was written, had no answer. France had been invoked. And Poincaré saved the franc and saved France from economic disaster.

It is the belief in France that a good country can not be hurt by loving it, and by serving it first, before all else. It is the belief in England that the interests of England are the paramount interests of all Englishmen. But is it so in the United States?

The answer is that it is not so true of this country, and that answer is based on the fact that conditions in this country—political, economic, and sociological—are such that a national unity is almost impossible of accomplishment because of our vast spread of territory, our vast diversity of population, our vast, complete or partial, assimilation of peoples from all the world, and our unique position of being a self-supporting entity, with almost everything we need for our well-being—save, perhaps, certain luxuries and other nonessentials—producible within our own borders.

The unrestricted immigration of former years brought to this country millions of people from all other countries in the world, but as yet the melting pot has not reduced to an entirely American product all this foreign human material cast into the crucible. France is a French country. Few go there to compete in business or politics with the Frenchmen. England is English, and stays so. Englishmen go out to their dominions, but few Englishmen consider their adventures into any of those dominions as anything more than a temporary absence. England is always home to every English expatriate.

Therefore a national unity, not so difficult to establish at a time of crisis in France or England, say, is almost impossible of accomplishment in this great, far-flung country, with its sections and cross sections of citizenry who originated elsewhere, and who, escaping from the privations of their native lands, came here to enjoy our vast benefits, but at the same time kept a few roots in their natal soil. Instead of being a homogeneous people, we are a heterogeneous people. We get together fairly well—only fairly well—in a great national crisis such as the Great War, but we operate selfishly and sectionally in most of our political and economic situations.

A REAL TEST OF AMERICANISM

There is nothing to our usual political situation save that numerous millions of our people want the Republicans to have the governmental power and perquisites, and numerous other millions want the Democrats to have that power and those perquisites. The result is that we operate under the auspices and with all the maladministrations of a political partisanship instead of an American partisanship. Our political campaigns are all based on the dominance of one major party or the other, rather than on the domination of the real spirit of Americanism.

In this recent presidential campaign we heard countless predictions that the Democrats would win, or the Republicans; but was there anywhere from any source a voice suggesting that the United States would win? Not a whisper, and the reason is that neither party is strong enough permanently to defeat the other party, and that neither party has unlimited or continuing power enough to do anything but conduct a partisan government subject to ceaseless compromise and exigencies and opportunism and sidestepping and buck passing. Our political condition does not allow of a national unity of action. Our actions, in a governmental sense, are either partisanly Democratic or partisanly Republican. And not particularly American.

Now the economic condition of the country is somewhat analogous. Owing to the fact that in its widest sense the criterion of success in this country has been, and still is, first, bigness, and second, money, we have built up a commercial and financial situation that has for its incentive domination along both lines and devil take the hindmost. This structure has had, and still has, its economic troubles since the depression began, and during it, but so have the commercial and financial structures of all the world.

Since its inception it has been ruthless in competition, and that is as it may be. Business is based on getting business, and the way to get business is to produce, distribute, and market cheaper and better than the other fellow. To be sure, this has brought into effect a great number of restrictive laws which, theoretically, give the consumer a chance, a protection against the rapacity of the makers and sellers, but in reality are not so beneficially operative as they were designed to be.

Business is business. That is one of the oldest commercial maxims of the world, emphasized by the principle of "caveat emptor," recognized in both English and American law. Let the buyer beware. Therefore the buyer in all the markets of all the world has bought as cheaply as he could and the seller has always sold as dearly as he could, to his greater consequent profit.

That is human nature. That is an inheritance from the earliest of the bargainings of homo sapiens until the present day. It is as inherent as the instincts of self-preservation and self-reproduction. The whole commercial structure of the world is based on it. It dominates every transaction, save in the case of affluent fools, from San Francisco to Samarkand, from Threadneedle Street in London to the great Mitsui Co. in Japan. Sell as dearly as you can and buy as cheaply as you can. It goes for almost everybody, from the large corporation and its smallest competitor to the butcher, the baker, and the candlestick maker—you, me, and the man up the road.

We operate in theoretical unity, but in reality, environmentally and geographically, every four years in our presidential elections—and, as at present, we all feel the depression in the same way. However, a riot in Boston has no special significance in San Francisco, save as an item of news, and anything that happens in Minneapolis means nothing much in New Orleans. Whereas what happens in Liverpool is of direct and immediate interest in London, and when there is a disturbance in Lyons it is instantly reflected in Paris. Compared to ours, those countries are so small.

Thus this lack of a spirit of national unity can be extenuated. Geography has more to do with it than anything else—geography

and our mixed population. But now a situation has arisen, a condition confronts us wherein every resident of the United States, every American, whether he is a descendant of the Pilgrim Fathers or an immigrant from Finland, whether he is of New Amsterdam ancestry or recently arrived from southern Europe, whether he is a colonial Marylander or Virginian, or of German, or Scandinavian, or of recent Italian descent—now a crisis, national in scope, has arisen that should stir every real American, every naturalized American, every pseudo-American, every intending American, every immigrant American, provided that the prosperity, progress, and perpetuation of the United States is of consequence to them, to determined and concerted action.

Here is a chance for every American to prove whether he is an American or remains a foreigner; whether he has the great commercial and prosperity-bringing interests of this country at heart, or is merely a theorist, a sophist, a malingerer in the busy currents of our national life; whether he is a believer in foreign anti-Americanism, a detractor of his own country, a Francophile, an Anglophile, a promoter of theories rather than a facer of facts. Here is an opportunity for all Americans to do something for America, for the United States.

The prosperity of this country depends on the business done in this country. The business done in this country depends on the support of American business, commercial, and manufacturing institutions. If our people buy what we make, every class of our citizenry profits—the workers, the transporters, the distributors, the sellers, the financiers, and the consumers, for our wage payments are billions and without those billions we could not survive an hour. If we do not consume, we can not make. If we do not make, we can not pay our potential makers. If we do not pay our makers we lapse into bankruptcy, for the real prosperity and progress of this country rest on wages—salaries—income.

All this is true enough in a didactic or expository sense, but it leads up to a present situation that is in no sense either didactic or academic, and is pressing, vital, and of vast consequence to the United States. It lays the groundwork for a statement of a condition that confronts the United States that is of immediate concern to every American, and points a way for every American with any purchasing power to be of great and instant service to his country. It seeks to enlist Americans under banners that should be unfurled in every community, to enroll all Americans under the patriotic injunction, promise, and practice to:

Buy American!

When England saw her trade slipping, as it did, her exports decreasing, her unemployment mounting, her markets flooded with cheaply made foreign goods, her proud pound sterling forced down because England had to abandon the gold standard, her credit impaired, her dominions and colonies seeking other markets than hers, her role mounting, England enlisted under the slogan:

Buy British!

England appealed to English unity, English tradition, English patriotism. England took immediate steps to perfect reciprocal tariffs with her dominions. England put every Englishman, every Australian, every New Zealander—all the sons of Albion in her widespread possessions—under the patriotic obligation to rally to the trade and prosperity defense of the mother country. "The homeland needs you" was the appeal sent out. "Buy British!"

All the empire rallied. They perfected protective and defensive tariffs. They consolidated the loosely tied empire into a compact, fighting, economic structure. The entire empire put its gigantic shoulder to the Buy-British wheel. The results are already apparent. England is coming through.

WHERE TARIFF PROTECTION ENDS

While our situation is not definitely analogous, our emergency is as great. We are now in a place where it is the duty of every American who is a real American to buy American, and the proof of that assertion is herewith set forth.

Naturally, as this situation relates to imports, the question of tariff would intrude if this were to be a polemical discussion; but this is not a polemical discussion and is a statement of fact. There have been about 40 general revisions of our tariff since George Washington signed the first tariff act on July 4, 1789. More theorists, protagonists, economists, and similar what not have taken hacks at the tariff question, in all probability, than at any other subject of national discussion since this Republic was organized. Also, more speeches have been made about it.

It took almost 18 months to pass the present tariff law through Congress, and the reports of the hearings before the House Ways and Means Committee and the Senate Finance Committee covered some 18,000 printed pages. The only tariff angle that comes into bearing here is the statement on the authority of the United States Commissioner of Customs that of all our imports only 38 per cent are subject to duty and over 60 per cent of those imports are on the free list.

The present situation that is depriving thousands of workers of jobs, closing factories, sending millions of our money abroad for all sorts of things we produce in this country, is based on this fact:

The United States has remained on the gold standard, has kept the dollar worth 100 cents, and about 40 other countries have gone off the gold standard, with the inevitable depreciation of their currency. This depreciation ranges from 50 per cent in Japan to about 10 per cent in Canada. This depreciation also decreases cost of production in these countries by the lowering of wages and the reduced cost of materials, and enables these countries to flood the United States, despite our tariffs, with these cheaply made goods, which are put in direct competition with American goods, after all freight and customs duties are paid and profit

taken, at prices below the actual cost of production in this country, to say nothing of an allowance for a reasonable profit for the American maker and the seller.

THE SENATE'S EXHIBIT OF IMPORTS

There is an exhibit in the Senate Office Building at Washington of some of the smaller items in this vast list of goods made by the cheap labor of the countries that have debased their currencies. I saw it on the day this was written—in mid-October—the day, incidentally, that the hearings began before the United States Commissioner of Customs on this very matter, hearings that are vital to every American wage earner and wage payer, almost, in this country. There have been many protests made by manufacturers who have been practically put out of business by these importations, and much discussion of the matter. Finally, after a tremendous amount of harm has been done, the matter has been taken up again.

The Senate Office Building is a large building, with much space in it, but hardly enough to install an exhibit of steel and pig iron, say, or lumber products, and so on. So this exhibit is composed of smaller articles. It covers several long tables, and it is as miscellaneous in character as the stock of the modern drug store. All sorts of goods are there, in large array, from rubber boots and shoes to celluloid combs and dolls, from rugs to pocketknives, from gloves to rubber beach balls.

All the articles in that large collection were made in a foreign country, and the cost of producing them, paying freight on them, paying duty on them, and introducing them into this country to compete with American-made merchandise ranges far below the actual cost of producing these articles in this country; just making them, at our present scale of wages and materials, not at a selling price in the market.

I give a short list of these articles, showing the cost of each article, landed in this country all charges paid and ready to go into the market, and the cost to the American manufacturers, with our scale of wages and our price of materials, both money quotations being in American currency.

There are rubber boots there, made in Japan, that cost in American money to land in this country, all charges paid, just under 34 cents a pair, and that can not be made in this country for less than 95 cents a pair. There are rubber boots from Czechoslovakia that cost the Czechs \$1.16 to lay down in this country that can not be made here at less than \$1.48 a pair. And plenty of other rubber boots, shoes, overshoes, and so on, that carry out these ranges. There are rubber toys, beach balls, swimming rings, and other beach paraphernalia with the same discrepancies—a swimming float, for instance, that costs 17 cents to get into this country from Japan and costs us \$2.46 to make. Rubber dolls that Japan sends here for \$4.26 a gross and cost Americans to make \$7.84 a gross; celluloid toys that Japan sends over for \$20.14 a gross and cost \$33 a gross to make here; celluloid combs that Japan offers here for \$11.06 a gross and cost us to make \$25.86 a gross. Such things by the hundred.

Japan lands here cotton hit-or-miss rugs at 6 cents each, and we can not make one of these rugs, with our wages, at a less cost than 29 cents. Japan sends grass rugs, 9 by 12 in size, landed here all charges paid, for 92 cents each, and they cost our manufacturers \$8.88 each to make. They can land vacuum jugs here for 56 cents each, and the cheapest we can make them is 79 cents each. The difference in the price of toothbrushes by the gross is the difference between \$9.67 and \$15.

They are stuffing the market with electric-light bulbs and flash lights of various sorts. Japan sold in this country in 1932, at a price with which no American manufacturer could compete, 54,500,000 electric-light lamps and bulbs of various sorts. The Foreign Exchange and Trade Institute is authority for the statement that the principal miniature electric-light manufacturing company in this country, employing nearly 2,000 people, has recently closed because of this ruinous competition due to the disparity in exchange and the low wages and prices of materials possible in Japan, with the Japanese yen worth half of the 50 cents it was worth before Japan debased her currency.

BELOW MANUFACTURERS' COST

England sends us men's leather gloves laid down here for \$24.89 a dozen pairs that cost us \$26 a dozen pairs merely to make, and knives and forks at \$4.81 for a set of six that cost our manufacturers \$7.42 merely to produce. And so it goes, all through the long list of the goods on those tables in the Senate Office Building—crochery of all sorts, canes, silk goods, cotton handkerchiefs, beads, buttons, cutlery, watch glasses. The list is too long to itemize, but every item on those tables, and hundreds more not exhibited there, can be, and are, laid down in this country, with all charges paid, at prices in every instance below the actual cost of making to the American manufacturer, and to the consequent unemployment and drastic wage reductions of American workers, to say nothing of the vast outpouring of American money for these imports that should be kept at home.

I was sitting in the office of Captain Eble, the United States Commissioner of Customs, when a rag-rug manufacturer called him on the long-distance telephone from a town in Pennsylvania to ask about the new hearings. This man said he had been a rag-rug manufacturer, with a factory employing about 200 hands, and had been forced to close down because he could not make a rug for 29 cents in competition with a rug that Japan lands in this country for 6 cents. Captain Eble asked this man about the general status of the rag-rug industry in this country, and he said it is practically out of business; that it formerly employed 150,000 Americans, most of whom are now out of jobs.

American rag rugs are made from rags, washed and sterilized in sanitary factories. Although the duty on these rugs is 75 per cent, Japan lands them here at 6 cents each wholesale. Both these rugs are the hit-and-miss variety, and while the American article is of better quality, the imported rug has displaced it almost entirely in the markets of this country. And so with many other Japanese manufactures.

The average wage of the Japanese male worker before the country went off the gold standard was 2 yen, or \$1 a day. Now it is 46 cents a day. The average wage of the female worker was 1 yen, or 50 cents. Now it is about 24 cents. This wage situation exists in every production. The decline in the china-porcelain industry, for example, is one-third. However, Japanese workers have work. No flood of cheap American goods has thrown them out of jobs.

Of course, these items, largely Japanese, are little things. The Japanese are the greatest imitators and the feeblest originators in the world. They have built a few ships, mostly on plans supplied by the Clyde, and a bridge here and there, but their finest hotel was built by an American, Frank Wright, and their finest building, the Mitsui Bank, in Tokio, was built by another American, Jim Stewart.

A sewing machine or a bicycle is about their limit in constructive effort, but, nevertheless, they do make by billions the sort of stuff that is above enumerated and much more not set down, and they are one of the greatest factors by means of their depreciated currency, their house labor, and their puny wages in the dislocation of our markets on this class of goods and the consequent unemployment of a large number of our own people. Given a sight at a beach ball, or a comb, or a rubber doll, or a pair of rubber shoes or boots, or any of the other hundreds of cheap things flooding the American market, the Japanese can and will imitate, and at production prices lower than elsewhere in the world, especially in the United States.

STEEL UNDER A PROTECTIVE TARIFF

So let us get away from the little things and turn to the bigger ones, steel, for example, and lumber products, and fisheries, and so on. Big things. Take iron and steel.

Japan makes comparatively little iron and steel. So Japan is out of the picture, but into that picture come Belgium, England, Germany, France, and other countries where wages are lower than they are here, where some currencies are depreciated, and where, as in Germany and France, the gold standard persists, with scales of wages and standards of living enormously lower than in the United States.

To bring the tariff into it momentarily, the American steel industry asked for no increase of duty in the Smoot-Hawley bill and received none. The existing rates are those of the Fordney-McCumber bill of 1922. Under normal conditions these rates would reasonably protect American steel workers and steel producers. However, conditions are not normal; steel is being dumped into this country in vast quantities at prices with which no American steel producer can compete. If, with all the protection the present American tariff affords, American steel wages were reduced to 75 cents a day, American steel producers could not possibly meet this foreign competition. The wages referred to are the wages prevalent in steel-producing plants abroad.

In the first quarter of this year the 19 leading steel producers in this country, after a drastic period of cutting production, sales costs, overhead, salaries, wages, and, for the most part, passing dividends, showed a net loss of \$29,892,078. Not all of this was due to the dumping of foreign steel, for building slackened greatly in this country. But a large portion of it was due to that foreign cheap steel.

It would require several pages of this magazine even to summarize what has happened to this gigantic steel industry of the United States; but what has happened in one section is relatively what has happened in all sections, and, for illuminating example, let us review the situation on the Pacific coast.

Over a period covering 1931 and the first six months of 1932 there were imported into the Pacific coast territory 183,228 net tons of finished steel, made by cheap foreign labor and sent there under cheap freight rates in foreign ships.

If this steel had been produced by the Pacific coast American steel mills, the American money disbursed in the United States, going to the employ of American workmen, would have been as follows:

Raw materials	\$3,201,325.62
Wages	2,671,844.28
Fuel oil	464,314.40
Electric current	382,855.73
General overhead and miscellaneous supplies	1,425,526.67
Total	8,145,866.70

In wages alone, the American workmen lost more than \$2,600,000 by this influx of foreign steel, and in all more than \$8,000,000 that rightfully should have remained in this country went to foreign countries and to foreign workmen, working under conditions and at wages no American would tolerate and no American employer would try to enforce. Moreover, the rotation of this more than \$8,000,000 on the Pacific coast would have greatly increased the buying power for other commodities.

Is it good steel? It is not. The National Association of Flat Rolled Steel Manufacturers, comprising 41 makers in all parts of the country, in referring to this phase of the matter in a memorial to Congress, said:

"It is cheap Bessemer steel usually quoted at \$5 the ton lower than what is termed 'good open-hearth steel' by the makers them-

selves. It is a cheap, galvanized product. Samples of a well-known brand made in Belgium averaged eight-tenths of an ounce of zinc coating per square foot. It is so cheap in price that if all the labor charges were eliminated from the cost of galvanizing these sheets, American producers could not compete with it."

WHEN CHEAP IMPORTS ARE EXPENSIVE

"Estimating 30 man-hours of labor to the production of a ton of the heavier grades of finished steel, at the average wage now applying in the American steel industry, one can readily compute from the prices quoted on foreign steel delivered along our seaboard that if all labor charges were eliminated from the cost of American steel producers they could not compete with the freight rates now existing from the foreign mills to the American seaboard."

As an instance of the seriousness of the situation and the loss to American workmen, the association says that in 1931 the importation of 370,000 net tons of foreign steel caused the loss of a week's work each to 237,000 men in the steel industry, and to 37,000 miners, and the loss of wages and revenues to the railroads for transporting approximately 550,000 cars at an average of 33 tons a car. Every ton of foreign steel imported into the United States means the loss of four days' work to some steel laborer. Also, it means a loss to the railroads and their employees of the transportation of the 4 to 5 tons of raw material necessary to the production of 1 ton of finished steel, together with a proportionate loss to all industries, utilities, and labor serving the steel industry.

So much for steel. Another gigantic industry that has been paralyzed by these cheap importations is the rubber industry. The United States Commissioner of Customs, speaking recently on this phase of this displacement of American goods, said:

"It is the displacement of American labor and American merchandise by these low-priced importations that plays havoc with our economic situation. It is this which is depriving many American men and women of their means of livelihood. The vice presidents of three of the largest rubber companies in the United States told me that 26,000 employees in the rubber boot and shoe industry are affected by the importations now flooding our markets from Japan and Czechoslovakia, and that this industry is threatened with annihilation. One of these concerns last year lost \$5,000,000 on this branch of their industry alone."

FOREIGN THREATS TO OUR INDUSTRIES

"The American china, porcelain, and earthenware industries are very seriously affected. Thousands of their employees are working only half time; and if these importations are permitted to come in at their present prices, a representative of the pottery industry tells me, several factories will be forced to close down in this country."

Let us consider lumber and its products. And fish. There is \$86,000,000 invested in the wood-pulp mills of the Northwestern United States, and most of this large sum was invested in the past seven years, and there is \$50,000,000 invested in the Pacific coast fisheries. As compiled from the industrial insurance rolls of that section of the country, there are now 122,000 men out of employment in the lumbering and fishery industries in the States of Oregon and Washington, to say nothing of the very large number of men not employed in the lumber and fishery industries in California.

The markets are flooded with pulp from Sweden, Norway, and other countries that have debased their currencies, putting their production costs, including wages, at such low levels that American producers can not compete with them.

To show how this works, an instance is cited of an order for 8,000 tons of wood pulp on which a Washington State firm quoted a few months ago. The Swedish krona was then depreciated about 35 per cent and the American firm quoted, on that basis for the krona, a price that would get the business for the United States. The Swedish krona immediately dropped another 15 per cent and the United States did not get the order.

Our investment in fisheries is now in jeopardy because of the cheaper products sent in by Japan, which can catch the fish and pack them, owing to the depreciated yen and the consequent almost negligible wage costs, and sell in the United States at a price with which the packers of the United States can not compete.

The list is long and disastrous. The merest detail of what has been happening, and is happening, to the workmen and manufacturers of the United States has been given here. There are few industries that have not been crippled by this flooding of cheaply produced foreign merchandise, and few workmen who have not felt the pinch of it either in loss of jobs or curtailment of wages.

A survey recently issued by the United States Department of Labor shows that the average wage for all American manufacturing establishments is 60 cents an hour, while the corresponding wage in France is 12 cents an hour, in Italy 9 cents, and in Japan 7 cents an hour.

The average American worker is the highest paid worker in the world, but he will not be long if this flooding of the country with cheaply produced foreign merchandise continues; this flood of merchandise that, owing to depreciated currencies, has almost eliminated our tariff protection.

At the time of writing—mid October—almost 43 per cent of the importations arriving in the United States originated in countries, including Canada and Newfoundland, off the gold standard. This is a percentage of value on the basis of depreciated currency and

not of volume, but the volume is constantly increasing. We are too easy for these exporters not to take expert advantage of us.

In speaking of this, Captain Eble, the United States Commissioner of Customs, says:

"So long as a great number of the leading nations of the world ship their commodities into the United States at depreciated-currency prices, such importations will continue to increase and their purchases of our wares will continue to decrease. It is axiomatic that in order to keep their heads above water, such countries will be obliged to buy only from those which have also abandoned the gold standard."

KEEPING COMMERCE ON GOLD

"By the same token, those countries remaining on the gold standard will continue to sell us less and less, since they will be unable to compete with those countries selling us their wares at depreciated-currency prices. At the same time they, too, will be constantly losing trade with countries which have abandoned the gold standard. Thus will the commerce of the world continue to grow more lopsided. Indeed, isn't it possible that greater chaos is facing international trade from this feature rather than from tariffs and import restrictions?"

I said that this was to be no polemical discussion, nor a discussion of remedies of the existing disastrous situation. It is a statement of facts. However, as a suggestion of what is necessary to be done, the following expression of Mr. John J. Underwood, of Seattle, one of the recognized tariff authorities in the country, is of interest:

"There is only one method of correcting this—namely, through equalization of imports into the United States on a gold basis. This will automatically reestablish normal trade flow, if not in volume at least in principle, between the nations and give them an equal chance at our trade. Such a step would likewise have the effect, as quickly as possible, of inducing these foreign nations now enjoying debased-currency trade to go back on the gold standard, as the trade advantage automatically gained by them through their ability to undersell gold-standard countries will be lost as far as the American market is concerned."

All this is of the future. As this is written hearings are in progress in Washington, attended by dozens of great and small manufacturers who are telling their sad stories and seeking a solution of this great peril to American industry, American wages, American standards of living.

On October 24, President Hoover, acutely conscious of what has happened and is happening to American wage earners and American manufacturers because of this dumping of low-priced foreign goods, addressed a letter to the Tariff Commission directing that body to make immediate investigation into the situation as detailed, in part, in this article and report to him without the usual delays incident to such investigations.

A REMEDY IN THE PEOPLE'S HANDS

The President specified as commodities to be investigated as to American landing cost by foreign makers compared to mere production cost here, rag and grass rugs, toothbrushes, hairbrushes, rubber boots and shoes, leather gloves, electric-light bulbs, cutlery, pottery, silverware, jewelry, canned vegetables, canned fish, dried beans, iron and steel products, lumber products, metal goods, and chemical products; and named more than 100 communities where much unemployment has been caused by the flooding of our markets with these goods. Most of our larger cities and many of the smaller cities and manufacturing towns are in this list.

Under the present tariff law the President can not, by virtue of the flexible provisions of that law, change a rate of duty more than 50 per cent up or down. However, if the Tariff Commission so recommends, the President can change the basis on which customs duties are levied from the foreign, or production, value of the imported article to the American selling price of such articles when, as is the disastrous case now, a mere increase in duty would not be effective. This is what he has in mind, but any Executive action will be a considerable time in coming, owing to the slow operations of the Tariff Commission.

A measure of relief is in the hands of Americans themselves. Until the effective laws are made and the proper formulas decided on, the American people can vastly improve the situation by taking a voluntary, an American, a highly patriotic stand. They can demand American-made goods. There are plenty of them, most of which are of far higher grade than this stuff shoved in here from the cheap-waged countries of the world, from the countries where money is debased and labor is paid wages that no American could live on.

We have been greatly excited, in the past, over the influx of cheap foreign labor to this country, and have taken drastic legislative steps to restrict that cheap foreign-labor immigration by establishing quotas and otherwise holding it in strict control; but to what avail is all this as a protection to American labor, if we do nothing to restrict the importation of cheap-labor goods made in foreign countries? That is a more direct and dangerous competition than any influx of cheap foreign labor, because it strikes directly at the wages, the homes, and the standards of living of those who are now Americans.

Christmas is coming. Help American industry, the American workman, the American merchant, by buying American goods. Do your Christmas shopping early, and confine it to American goods and gifts. Take none of this foreign stuff.

Are you an American? Then buy American!

The VICE PRESIDENT. The Chair must announce that all of this discussion has proceeded by unanimous consent.

The Senator from Texas had no authority to parcel out the time and it could only be done by unanimous consent.

Mr. SHEPPARD. Mr. President, it has been a pleasure to hold the floor and thus to enable the Senator from Montana [Mr. WHEELER] to round out his remarks. The recognition of silver as a basic money will do far more to restore world stability than the currencies and financial dealings of certain leading countries of the world without any metallic standard whatever. I refer to such nations as England, which have gone off the gold standard entirely.

Mr. BROOKHART. Mr. President, this amendment raises one of the three questions that are necessary to be considered and acted upon by Congress in order to take us out of the depression. The proposition it presents, in a general way, is one of inflation. The other two propositions are the employment of the unemployed labor of the country and the restoration of agricultural prices to a parity with other commodity prices. Those three things are necessary to be done by the Congress of the United States before the depression can end.

Now, I wish to discuss briefly the question of inflation. What will be the effect if we inflate the currency? I will not particularly distinguish between the free coinage of silver and any other method of inflation. To me that is merely one method of inflating the currency—an effective method, to a certain degree—but whether it will effect the final cure is another question. What will be the effect if we do inflate the currency? What will be the effect on commodities? They will all rise in price, and they will all rise in the same percentage. I was in Berlin in 1923 and the first day I was there I bought 57,000 marks for a dollar. The last day I was there I bought 80,000 marks for a dollar. They were inflating the currency every day, and prices were rising in proportion. An unlimited inflation produces an unreasonable and unlimited rise in price; a controlled inflation is just as safe and sound as any proposition that can be made.

Mr. WHEELER. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Montana?

Mr. BROOKHART. I yield.

Mr. WHEELER. I assume when the Senator talks about "controlled inflation" he means world-controlled inflation and not merely controlled inflation in the United States?

Mr. BROOKHART. No; I refer to the United States. The United States can control its money volume irrespective of the world. The German illustration I am giving relates, of course, to Germany alone, and not to the world.

Mr. WHEELER. What I was going to say was that, of course, we could have an inflation of the currency; I agree that we could have a paper inflation of the currency in this country, and it would help the debtor class by cutting down the purchasing power of the dollar. We could go to the extent, by paper inflation, of wiping out entirely the creditor class in the United States, but we would not thereby, if the Senator will pardon me, it seems to me, in the slightest degree affect world commodity prices or increase the purchasing power of the people of the world. That is the difference.

Mr. BROOKHART. As I see the matter of world exchange, it is one of barter, anyway, carried on according to the value of gold or the value of silver or whatever we may agree upon when we trade with another nation. Other nations do not accept our money except as it has a barter value in their own country. So I am not going to spend much time on the international phase of this question.

What will be the effect of inflation on commodity prices? I think they will all rise in proportion to the inflation; I think there can be no doubt of that whatever. If we provide for the free coinage of silver, that will inflate our currency to a degree, and will, to some extent, increase our commodity prices.

Mr. President, I am one of those who do not believe it will raise them sufficiently. I do not believe there is enough silver in the world at this time to transact the business of the world, even in conjunction with gold. I think the two together are inadequate for that purpose.

Mr. THOMAS of Oklahoma. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Oklahoma?

Mr. BROOKHART. I yield.

Mr. THOMAS of Oklahoma. In the opinion of the Senator from Iowa, how much inflation should we have? In other words, at what prices should commodities sell to enable the farmer to live, taking, for example, wheat, corn, cotton as stable commodities?

Mr. BROOKHART. In answer to that question, I will say that the economists usually accept the 1926 level as the normal price level of commodities, and the currency should be inflated until we restore that general level. After we have reached that general level, however, there would still be a heavy discrimination against agriculture. The 1926 level of agricultural prices would not be adequate in comparison with prices generally. Agriculture, therefore, demands a special treatment in addition to the inflation of the currency. Inflation alone will not cure the agricultural trouble. However, it will cure one part of the trouble, and that is the ability to pay debts. There is where it will help agriculture; but it will raise the price of all commodities which the farmer buys as well as those he sells in the same proportion, and that, of course, will leave him in no better position than he is at present, so far as that feature is concerned.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

Mr. BROOKHART. I yield.

Mr. THOMAS of Oklahoma. I have before me some figures which I should like to submit to the Senator and ask his explanation of why these figures are thus. For example, on January 23, 1920—that was 13 years ago yesterday—wheat was selling for \$2 a bushel, corn was selling for \$1.42 a bushel, May cotton was selling for 38.10 cents a pound. That was at a time when we had the largest volume of circulation of real money—more than \$6,000,000,000. On December 15 last year, 1932, when we had no credit in circulation and very little money in circulation, May wheat was selling at 47 cents on the exchange, May corn was selling for 27 cents on the exchange, and May cotton was selling for 6 cents on the exchange. Can the Senator explain the difference in those prices other than on the quantitative theory of money and credit?

Mr. BROOKHART. The quantitative theory of money is in part the cause of that decline, but there was a further cause for the agricultural decline. The railroad law increased agricultural freight rates by 60 per cent and reduced agricultural prices by that amount under the operation of the law, because the farmer's prices are fixed by the sale of his surpluses in the free-trade markets of the world and he must pay the freight to those markets. The Federal-reserve deflation policy was put into effect in 1920, late in that year, and, as we know it, deflated agriculture some \$32,000,000,000—some \$18,000,000,000 of it in land values and the other on the two crops of 1920 and 1921. Then tariff laws have been enacted which leave agriculture to buy at the high price levels of the protected American market and to sell at the prices fixed by the sale of its surplus at the low level of the free-trade market of the world. Add those things to the deflation of the currency and I think we have the causes of the change in prices which the Senator has mentioned.

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Louisiana?

Mr. BROOKHART. I yield.

Mr. LONG. Does not the Senator know that there can not be what might be termed a healthy flow of currency where wealth continues to become concentrated in a few hands? If I may illustrate the point I am endeavoring to make, in 1916, according to statistics compiled by the Industrial Relations Commission, 2 per cent of the people of this country owned 60 per cent of its wealth; but, according to the statistics of the Federal Trade Commission—and they were certainly not friendly to the purposes—instead of 2 per cent of the people owning 60 per cent of the wealth, 1 per

cent owned about 59 or 60 per cent of the wealth, and it has now gone to the point where it is estimated that some 5 or 6 per cent, or, perhaps, even a less percentage than that, own 85 per cent of the wealth. Does not the Senator think that will impede the working of our currency or of our medium of exchange, whatever it may be?

Mr. BROOKHART. Yes I have already pointed out some of the laws which produced the result the Senator has described. In addition to that, I might say that the railroads were inflated some \$7,000,000,000 in value by the railroad law. If one had bought them at their market value, although the law fixed their value at \$18,900,000,000, they would have been obtained, according to the market quotations, for about \$11,750,000,000.

Insull inflated his utilities a couple of billion dollars; Morgan inflated his utilities some billions; every big corporation in the country issued stocks and bonds, and then organized syndicates, pools, and groups on the stock exchange and sold them to the public at enormously inflated values. In addition to that, bank examiners went out and told the banks to buy these long-time bonds as a secondary reserve; that it would be good banking business to do so, and to lay off farmers' loans, and things like that.

All that upset the economic situation; a good deal of it was a special discrimination against agriculture, and hit agriculture harder than it did other lines of business, and agricultural prices were driven lower than any other set of prices. Therefore, when we expand the currency, while that will help agriculture in part, and will make it easier for the farmers to pay their debts, agriculture will still need a special treatment to overcome the discriminations of the various laws that have been set up against it.

Now, Mr. President, I wish to review, as I see it, the effect of inflation on the various lines of business in our country. As I have said, I think the general effect on commodities will be to bring about a general rise in prices. What would be the effect on insurance contracts? I think it would reduce the value of insurance contracts.

What would be the effect on bonds? I think it would have the same effect on bonds.

What would be the effect on debtors and on creditors? It would make it easier for a debtor to pay his debts in the commodity which he produces; so it would be to the advantage of the debtor and the disadvantage of the creditor.

What would be the effect on labor? It would reduce the value of the present scale of wages; there can be no doubt about that.

What would be the effect on stocks? It would boom stocks; it would raise the prices of stocks.

Would there be any compensations? Take the insurance contracts; would there be any compensation for the resultant reduction in the value that would follow from the inflation of the currency? Yes; I think there would be. The defaults and the losses on their securities the insurance companies are now having make the present situation worse than the situation would be if the general value of insurance contracts were reduced. The same thing is true as to bonds. And what about debtors and creditors? The creditors can no longer collect their debts. The defaults and losses and bankruptcies they are sustaining put the creditors in worse shape than they would be if the currency were expanded. The last check I made there were \$203,000,000,000 of debts in the United States, and the whole national wealth probably less than \$280,000,000,000. This means general bankruptcy, and currency inflation is the only relief.

And about labor? Well, Mr. President, there are 12,000,000 men who are unemployed as a result of this situation. The reduction or apparent reduction in the value of the wage scale would be more than offset by the reemployment that would follow as the result of the expansion of the currency.

As to stocks and bonds, so far as they are concerned, I do not believe there can ever be a stable condition of prosperity established in this country so long as the New York Stock Exchange runs as it is now running. It is the greatest fraud, the greatest inflator, the world has ever known. I think it has got to be curbed and the inflation of paper stock values

stopped before we can ever have a general stable basis for prosperity in the United States.

Now about the gold standard: We have heard a good deal about the divine and sacred value of the gold standard, but what has happened under the gold standard?

Since 1920, 10,000 banks have closed, with the gold standard working and operating every day. Here are 12,000,000 workers unemployed, all under the gold standard. Here are practically all of the farmers of the United States on the verge of bankruptcy under the gold standard. The gold standard did not save us from this situation, so there is nothing sacred about the gold standard. Gold is no more sacred than any other commodity. Gold is one of the commodities of the world; and, in fact, I think its appreciation and its manipulation by the financial powers of the country have contributed a great deal to bringing about this result. Therefore the argument of the gold standard is a fetish. It ought to have no weight in the consideration of this subject.

I shall vote for this amendment. That will help some toward the inflation. I do not think it will help enough. Why? Because the contraction of credit in the United States, according to the last estimate I got, was some \$13,000,000,000, so the amount of silver we coin will take only a little part of that place. This contraction of credit, as well as the advance of gold, has helped to bring about this lowering of commodity prices generally.

Then here is a further fact in reference to the gold standard: There are about \$45,000,000,000 of bank deposits in the United States now, and every one of those dollars is entitled to have gold payment if it demands it. It can demand money of the United States, and it is all redeemable in gold. There is about four and a half billion dollars of gold in the United States, so if one-tenth of the depositors should go into the banks and demand their gold they would wipe out the gold standard in one day. They would take it all—every bit of it.

I do not think, myself, that any such standard as that is a safe and sound standard for business. I think it will always bring about these inflations and these depressions. Therefore early in the last session I introduced a bill to abolish the gold standard entirely; to make the national wealth the basis of the dollar; to make the dollar a fraction of the national wealth; and increase the denominator of that fraction by the average increase of the wealth of the country, which is less than 4 per cent a year; to replace all our money issues with this new money issue; and then balance the Budget, provide farm relief, unemployment relief, and pay the soldiers' bonus; pay the obligations of the Government in this new money until the price level rose according to the index to the normal level.

Formerly we did not have a safe guide, perhaps, by which to inflate currencies, but we have it now. This index of labor commodities is a perfectly scientific guide. It tells us when to stop, and it tells us how to figure this out scientifically and safely, and that will do justice to everybody at all times. That will stabilize the money standard, instead of our having the present gold standard, which fluctuates the same as any other commodity. Whenever it goes up in price it puts down everything else that it measures in price. That is a dishonest dollar. It could not be any more dishonest than that. It is just as dishonest as the depreciated marks of Germany that I have already described. That ought to be stabilized and ought to be corrected. This silver proposition will do part of it, at any rate. I do not believe it will do all, but because it will do part, and because it is in the right direction, I shall vote for this amendment.

Mr. THOMAS of Oklahoma. Mr. President, I rise in support of the pending amendment. I am for the amendment not because I think it will afford all the relief that ought to be granted or because it will grant the relief in ample time but because this is the only amendment that has been presented that is having any sort of serious consideration.

Mr. President, it has taken a discussion lasting 20 days to get the Senate to a point where it will even consider an amendment that has any influence whatever upon commodity prices. After 20 days of discussion of the provisions of

this bill, wherein the junior Senator from Louisiana [Mr. Long] has undertaken to call to the attention of the Senate some of our distressing existing conditions, on yesterday the Finance Committee reported a resolution providing for an investigation of the causes of our present economic and human distress. These 20 days during which action on this bill has been suspended have brought forth results.

The New York Times of this date contains the following paragraph. I read:

Notwithstanding the admonitions of the Treasury head or of private bankers who have sought to advise Congress on the subject, the question of inflation is now seen as one that has to be met and solved.

Mr. President, the New York Times, probably the greatest newspaper in the world, admits that an issue has been raised in the Senate that must be met and solved. At least some good has come from this delay.

That, however, is not all. I exhibit to the Senate a copy of to-day's New York Daily Investment News. I take it that every Member of the Senate would like to see commodity prices rise. Is there any Senator who would not like to see the price of wheat go up? Is there any Senator who would not like to see the price of cotton go up? Is there any Senator who would not like to see the price of hogs and the price of cattle and the price of commodities in general go up? If there be, I now pause for a reply.

Mr. President, on yesterday, when the distinguished Senator from Montana [Mr. WHEELER] rose in his place and offered his silver amendment, immediately that act was reflected in the prices on the New York Stock Exchange. Here is the evidence of the statement I have just made. The headlines in this first-column editorial of the New York Investment News are as follows:

Stocks temporarily under influence of inflation gestures in Congress.

I read. This is by Waldo Young:

One of those surface waves of inflation psychology that have been appearing from time to time since the Huey Long group in the Senate has been paralyzing legislative proceedings made its appearance again yesterday and exerted for a time its influence upon the markets. . . .

The wheat market rallied before the close from a sinking spell it had had shortly before 2 o'clock. The closing prices of wheat were up fractionally from the closing figures of Saturday and were about the best of the day. Most other commodities were dull and inclined to firmness within narrow ranges. Cotton closed up 2 to 4 points.

Listen:

Silver, however, with the introduction of the Wheeler proposal in the Senate, advanced a quarter cent an ounce to a new high for the year.

Mr. President, if the mere suggestion of inflation, if the mere offering of an amendment proposing to coin silver, will raise the price of silver, will raise the price of wheat, will raise the price of cotton, will raise the price of corn, will raise the price of copper, then what effect would the adoption of this amendment have upon commodity prices?

This publication, like the New York Times, admits that inflation is the issue not only before the Senate but before the Congress and before the country; and this conservative financial publication published this day has the following to say:

Perhaps inflation of some sort or other—and the method is just about impossible of forecast—will be the way out of the well-nigh impossible situation of the low-price level for commodities, especially in its relation to the country's tremendous burden of debt contracted at inflated price levels.

Mr. DILL. Mr. President—

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Oklahoma yield to the Senator from Washington?

Mr. THOMAS of Oklahoma. I yield.

Mr. DILL. It seems to me there is not any doubt at all in the minds of any men who have studied the economic situation with relation to silver but that an increase in the price of silver would increase the price of products throughout the world; but the question I want to ask the Senator is this:

Does the Senator think that to raise the price of silver by one jump from 25 cents an ounce to \$1.29 an ounce, as this legislation would do, is the best method of handling this situation?

Mr. THOMAS of Oklahoma. Mr. President, I can not divert at this time to details. I am arguing for a principle. That principle is that we must have more money in circulation; I care not what kind—silver, copper, brass, gold, or paper. I care not what kind it is. Even the printing of certificates, the printing of trade checks—even the printing of slips of wood in the Senator's own State saved the situation there. I can not take time to discuss details, but the principle is that we must have more money of some kind, or else our economic structure will collapse.

Mr. DILL. I agree with the Senator; but while I think an increase in the price of silver is the most vital method that can be used at this time to help the economic condition of the world, I am anxious to get the Senator's view as to the wisdom of doing this by one jump, as the remonetization of silver will do, or of doing it by some method that will bring about that increase gradually throughout the world.

Mr. THOMAS of Oklahoma. Mr. President, when a majority of the Senators accept the principle that we must have more money, then I shall be glad to discuss the question raised by the Senator from Washington.

Mr. President, I exhibit to the Senate a letter just received. At the request of the writer I will not give his name, but I will read one or two paragraphs. This letter is from the chairman of a committee consisting of some of the most wealthy men of the Nation. I read:

A group of business men has been considering problems arising from the change in the price level in the course of the present deflation. They recognize that such changes affect various economic groups unequally, and bear with peculiar severity upon some—for example, small-home owners with mortgages, and agriculture.

In their search for reliable information this group found that there exists at the present time no point at which the best experience and expert knowledge of the country is being brought to focus. As the first step in its work the committee engaged the National Industrial Conference Board to make a systematic analysis of these problems. It is hoped that the results of this investigation will make it possible to crystallize a sound program behind which national support can be mobilized at the earliest possible date.

Not alone the newspapers, but men who have their fortunes at stake, realize that this problem must be met and must be solved.

I call attention to an article reflecting in part the sentiments and statements of the distinguished senior Senator from Idaho [Mr. BORAH]. Recently the Associated Press carried a rather lengthy story about what the Senator from Idaho had said.

I shall read part of this article:

"It is going to be difficult—and I believe impossible—to balance the Budget, certainly to keep it balanced," the Idahoan asserted, "until you balance the budget of the taxpayers."

"Is there any way to bring about the latter until you devise a plan for increasing the price of commodities? Is there any way to do that except through reflation through adjustment of the money problem?"

I now quote from a signed article in the Chicago Tribune of January 18. It is most appropriate that this be read on this side of the aisle. The heading is, "Platform for Sound Money," and the article reads:

PLATFORM FOR SOUND MONEY

The Democratic platform declared for a "sound currency to be preserved at all hazards." The only concession it made to the inflationists was espousal of an international conference for the rehabilitation of silver.

New York financiers, believing that inflation is going to be a big issue during the Roosevelt régime, have been at considerable pains to learn the attitude of the head new dealer. As a result the word was being passed around Wall Street yesterday that the President elect is opposed to inflation of the currency, but is in favor of inflation of credit through the operations of the Federal reserve system.

If this be true, Mr. Roosevelt is in accord with the present policy of the Federal reserve system, which, for nearly a year, has pursued a credit inflation policy through purchasing of more than a billion dollars' worth of Government securities.

One of the purposes of this policy was to boost commodity prices, a purpose which has not been attained up to date, mainly because while the means of credit inflation has been provided there has been no inflation.

Mr. President, the force of this article is that the Federal Reserve Board, through the use of public credit, has tried to raise commodity prices. It has not been done, and it can not be done. Commodity prices can not be raised by the expansion of credit. The only way commodity prices can be raised is through placing more actual money in circulation. An increase or expansion of credit, or deposit money even, will not increase commodity prices.

Mr. President, what controls the price of wheat? It is not the number of contracts of wheat sold and bought on the Chicago exchange. It is the number of actual bushels of wheat in the granaries of the people and in the elevators of the country.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. TYDINGS. Without wishing to delay or to kill the amendment that is pending, may I ask the Senator from Oklahoma and the Senator from Montana, there being many silver bills pending, if it would not be more conducive to the best solution if all these measures were referred to one committee, with the idea that they all be considered, and the best of the bills reported, rather than to take up just one of them?

Mr. THOMAS of Oklahoma. We have the amendment now before us, and I favor voting on it rather than refer or postpone.

Let me call this fact to the attention of the Senate. In 1920, when there was the largest volume of money in circulation, the dollar had the lowest buying power. When the dollar had the lowest buying power, commodities had the highest selling value.

When money is plentiful, money is cheap. When money was the most plentiful, the dollar was the cheapest in buying power. In 1920, when there was this vast sum of money in circulation, the dollar was worth only 64 cents.

Mr. President, this cheap dollar did not suit some of our people. The vast amount of bonds soon floated into the hands and strong boxes of a few people, and the persons who held the bonds wanted the value of the dollar to go up, so that the dollar would buy more, and they took steps to increase the value of the dollar. They proceeded to make dollars valuable by making dollars scarce, and accomplished their purpose by taking money out of circulation.

In the first 17 months after 1921, after the change of administration, the new party coming into power took out of circulation more than a hundred million dollars a month; and as money was taken out of circulation, the buying power of the dollar increased.

I give the following figures from statistics furnished by the United States Department of Labor, Bureau of Labor Statistics.

In 1920 the dollar was worth \$0.648. In 1926 it was worth \$1. In 1929 it was \$1.049. In 1930 it was \$1.157. In 1931 it was \$1.370, and in 1932 it was \$1.543.

Last December, not 30 days ago, the buying power of the dollar was \$1.597. There was no credit. Money was scarce, and \$1 bought \$1.59 worth of the commodities of the people.

How do such statistics apply to farm commodities? The same bureau states that last December the dollar had a buying power of \$2.03 in farm commodities. How can the farmer pay his taxes, how can the farmer pay his interest, how can the farmer pay his debts, when he has to pay \$2.03 in commodity values to get a dollar?

To give an illustration, in 1920 a farmer in Montana, Idaho, or North Dakota had \$100 of taxes to pay on his 160 acres. In my section of the country he could take 1 bale of cotton and, selling that bale of cotton for 40 cents a pound, get \$200 for it. He could take a hundred dollars of that and pay his taxes and have a hundred dollars left. This year, with money scarce and therefore high, the farmer perhaps still has his farm and perhaps still has to pay \$100 in taxes; but how much cotton does it take to pay

those taxes to-day? He takes 4 bales of cotton to market and sells the 4 bales for \$100, takes the \$100 and pays his taxes, and has no money left.

That is the reason why taxes are not being paid. That is the reason why interest is not being paid. That is the reason why debts are not being paid. That is the reason why the distinguished Senator from Mississippi [Mr. HARRISON] is proposing to lend the people's credit to the people to pay their taxes. That is the reason why the distinguished Senator from Georgia [Mr. GEORGE] has a bill pending to lend the people's credit to the school districts to keep the schools going the balance of this winter. But, Mr. President, I can not subscribe to such a program of relief.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. Has the Senator discerned any actual desire on the part of the advocates of this bill to raise commodity prices? Has he seen anything to indicate it in what they have been sponsoring here?

Mr. THOMAS of Oklahoma. The record made and being made here depresses rather than raises commodity prices. Mr. President, I do not know, and I can not understand, why Senators can not see that by placing more money in circulation, by the inflation of the currency—and by inflation I mean expansion or reflation, not inflation in the odious sense—Senators must know that placing more money in circulation will raise commodity prices. As an evidence of that I refer to the editorial read a moment ago. Even the introduction of the amendment raised commodity prices. Last winter when various bills came before Congress suggesting inflation, immediately prices began to go up on the exchanges of the country. If even the suggestion of inflation will raise prices, then what would real inflation do?

I am not in favor of going the route Germany went. I am not in favor of going the route Italy went. I am not in favor of going the route France went. But let us stop and consider a moment. Italy inflated, France inflated, Great Britain is now inflating, and what has been the result? Italy reduced the value of her lire from 19.3 to 5.5 and Italy was the only nation among our debtors abroad that did not ask for a postponement on the 15th of December, but made her payments in gold. France inflated by decreasing the gold value of her franc from 19.3 to 3.91. To-day, next to the United States, France has more gold than any other country in the world. France could have paid her debts on the 15th of December. She did not refuse to pay because she could not pay. She refused to pay for other reasons.

Great Britain went off the gold standard and now is proceeding to inflate her currency. Great Britain, while inflating, paid the debt installment due us in December. Mr. President, expansion, reflation, or inflation, call it what you will, is coming, and the longer delayed the worse it will be for the people of our country.

Mr. President, when my name is called, I shall vote for the Wheeler amendment.

The PRESIDING OFFICER. The question is on the substitute offered by the Senator from Montana [Mr. WHEELER] for the amendment of the Senator from Louisiana [Mr. LONG].

Mr. LONG. Mr. President, I do not desire the discussion to close without the Senator from Minnesota [Mr. SHIPSTEAD] being given an opportunity to speak. I had understood that he wishes to speak on the pending question. I have withheld any comment myself. I should like to cover just one or two points until the Senator from Minnesota can be notified.

Mr. CONNALLY rose.

Mr. LONG. I yield the floor to enable the Senator from Texas to speak.

Mr. CONNALLY. Mr. President, I understood the senior Senator from Idaho [Mr. BORAH] expected to address the Senate at this time. He does not seem to be in the Chamber at the moment, and I shall avail myself of the opportunity to speak briefly.

The PRESIDING OFFICER. The Senator from Idaho is in the Chamber.

Mr. CONNALLY. I did not see him. Does the Senator from Idaho desire to address the Senate?

Mr. BORAH. Not just at present.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. CONNALLY. Mr. President, I desire to embrace this opportunity to make some observations with reference to the money situation in general. I regret that at the moment I am not prepared to address the Senate in the fashion which the importance of the subject seems to require. However, I do desire to state that I am now investigating and studying a measure relating to the revaluation of the gold dollar.

Mr. President, every plan for inflation, whether it be through the issuance of paper currency or through the remonetization of silver, has for its purpose the reduction of the value of the gold dollar. That is the purpose and the object of every plan for monetary inflation—to bring down the value of the gold dollar.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. CONNALLY. In just a moment.

Mr. President, I submit that if the purpose of proposed legislation is to reduce the value of the gold dollar, the best and most practical way of reducing the value of the gold dollar is to reduce the value of the gold dollar, not indirectly, not by a backstairs method, not by going around and climbing in the kitchen window but by the exercise of the sovereign power of the Congress vested in the Congress by the Constitution to coin money and—to do what? Not to fix its value but to coin money and to regulate its value.

I yield now to the Senator from Montana.

Mr. WHEELER. Let me call the attention of the Senator to the fact that when France revaluated her gold franc, it had absolutely no effect upon world-commodity prices. It did help the debtor class; but the remonetization of silver would not only help the debtor class by bringing down the value of gold, but it would increase the purchasing power of over 60 per cent of the people of the world by increasing the value of their silver. That is the difference.

Mr. CONNALLY. Let me say to the Senator that I do not agree with his conclusion. When France revalued her franc, she increased the commodity prices in France, did she not?

Mr. WHEELER. Oh, yes. She helped the debtor class in France. There is no question about it.

Mr. CONNALLY. She increased the commodity prices of her people's products?

Mr. WHEELER. In France.

Mr. CONNALLY. I am undertaking to legislate for America. If France, by revaluing her franc, enabled the debtor class in France to pay their debts and enabled the price of commodities in France to appreciate and to enhance, then by the same token it ought to have that effect in America. Let me suggest to the Senator from Montana that so long as the other great commercial nations of the earth are on the gold standard, I can not believe that it would help America to go off the gold standard entirely and go to the silver standard. I do not want to argue with the Senator from Montana about the question, and I do not want to discuss the silver question. I want to discuss the gold question.

Mr. WHEELER. The only thing I want to say to the Senator is this: He says he does not want to discuss the silver question; but he is making statements with reference to silver that are not in accordance with the facts.

Mr. CONNALLY. I made no statement with reference to silver until the Senator from Montana interjected silver in the discussion.

Mr. WHEELER. Let me say to the Senator that the difference between the position of France and the position of the United States is this: France is not an exporter of wheat and raw materials. This country is an exporter. The result is that we can not, in my humble judgment, have the same effect by devaluating the gold upon cotton and

wheat as France did, because she is an importer and we are an exporter.

Mr. CONNALLY. I want to say to the Senator from Montana that I am concerned with doing something to aid the debtor class. By that I do not mean that I desire to deprive the creditor class of its just and fair return or repayment of its credits, but I do believe that it is fair and just for the Government of the United States, the repository of the power to regulate money, to exercise that power in justice and in fairness and revalue the dollar at such a figure as will give to the creditor the same fair measure of value which he gave to the debtor when he loaned the money.

I shall not undertake to-day to weary the Senate or to trespass upon its time by rehashing the facts with reference to depreciation in the prices of all commodities save gold. Those prices have not depreciated in the same ratio. But if Senators will investigate the question, they will find that the general price level, the average wholesale price level of commodities, measured by present prices, is wholly out of relation to the price and value of gold as compared with those of prior dates when the vast amount of indebtedness now outstanding was incurred.

Mr. President, so long as we inflate with paper money, so long as we inflate with silver money, so long as we inflate with any other character of money—and it is all anchored back on the supply of gold—when every paper dollar is redeemable in a gold dollar, when every silver dollar is interchangeable with a gold dollar, we have anchored the values of debts and of commodities to the high-priced gold dollar. It holds those values approximately in accordance with the world's standard of gold.

Now let me call the attention of Senators to the fact that this is no new exercise of power by the Government. On at least one former occasion, I believe it was in 1834, the Government of the United States changed the gold content of the eagle or the half eagle. That fact is adverted to by the Supreme Court of the United States in its decision in the Legal Tender cases, and I want to point out that under the authority of the Legal Tender cases the Congress has the power to change the gold content of the dollar and make the new dollar legal tender in the payment of debts not specifically providing for payment in dollars of a particular weight or fineness, contracted either before or after the passage of the act and make it acceptable because it is lawful money of the country.

There are those who contend that the adoption of such a plan of revaluation would cause a temporary disturbance. That is true of any plan. Whether we adopt some method of remonetization of silver, or whether we adopt some plan of controlled currency, or whether we adopt the revaluation plan of gold itself, there will, of course, be a period of transition, a sort of interregnum, in which there will be some slight disturbance. That is true of every exercise of any governmental power if it is of a sweeping character; but that is no reason why the Congress should not exercise the power which the Constitution gave it.

What did the makers of the Constitution mean when they said that Congress should have the power to regulate the value of money? Was it not a power which they expected the Congress to exercise? Did they not, in their far-seeing wisdom, vision the time when economic conditions, some great emergency, the exigencies of war or some other fundamental condition affecting the welfare of the people of the United States, might require, or, at least, suggest to Congress that the monetary measure of value ought to be regulated? What does regulate mean? It means to move up or move down according to the wisdom and the judgment and the patriotism of the Congress. There are those who say that that would be immoral and illegal. Mr. President, in time of war we draft men and send them to the battle front to give up their lives. Why? Because the Constitution reposes in Congress the power to declare war. By reason of that grant of power Congress has the authority to do all that is necessary either with property or with lives to carry on war. Now we are faced with a tremendous economic

condition which warrants and demands the most far-seeing action of the Congress. The country is distressed. Mortgagors who have given liens upon their farms, upon their homesteads, and cities, counties, and municipalities are staggering under such a burden of debt, valued by the present standard of the gold dollar, that they will never be able to discharge it. What are the consequences that are sure to follow? Unless commodity prices shall be increased, unless the value of the dollar shall be, in some way, modified or changed, the result will be, I repeat, the wholesale bankruptcy of the people of the United States.

Will the creditor be any better off? The creditor class to-day will never be able to get the value of their bonds; they will never be able to collect the "pound of flesh"; they will never be able to realize, on present values, the nominal amount stipulated in the bond. The creditor class, after they shall have foreclosed and secured possession of the property upon which they hold liens, will be poorer than they were before. The property upon which they foreclose will be worth less in their hands than it was in the hands of the debtor. The debtor will be wiped out, and America, land of plenty, will be a land of paupers and of bankrupts.

But, it is said, the Congress has not the power to enact legislation of this character; the Congress has no right to pass an act infringing upon the obligation of contracts. It is well known that the constitutional limitation on the States which prohibits them from passing any act impairing the obligation of contracts is not a limitation upon the power of the Congress, and it has been held repeatedly by the Supreme Court that the Congress may enact legislation which does impair the obligation of a contract. Let us assume in time of war that an American citizen has a contract for the delivery of goods in the foreign country with which we are at war. The mere declaration of war, in pursuance of the power of the Congress, in effect, abrogates that contract and destroys its value in the hands of that American citizen. Is there any answer to that act of Congress? None whatever. I might cite other instances in which the acts of Congress do infringe upon and impair the obligation of contracts.

However, it is said that a great many of the contracts and bonds outstanding and already incurred carry clauses which provide for the payment of gold dollars "of the present weight and fineness." I readily admit that we are facing a very serious difficulty, but it is not one that is without some question as to its validity. It seems to be fairly established by the decisions of the courts that if a contract calls for so many ounces or so much gold bullion, it is a commodity contract and must be fulfilled according to its terms; but I am not clear as yet—I am investigating the authorities—as to the power of Congress when a contract calls for dollars, even though it may contain the clause "of the present weight and fineness." I am not clear but that is a contract calling for gold dollars, and that it may be fulfilled by a delivery of gold dollars at a subsequent date which the United States Congress, by reason of its exclusive grant of power by the Constitution, may declare to be lawful gold dollars of the United States.

Mr. President, if private individuals, by contract between themselves, may fix the value of the gold money of the United States, then the provision in the Constitution which says that the Congress and Congress alone may fix the value of money becomes nullified to that extent.

But, on the other hand, it is said that the Government has already obligated itself to pay a large volume of bonds in the dollars of the present weight and fineness. That is the most important aspect of this particular angle of the case. It may be that the Government itself, having promised to pay gold dollars of a certain standard of weight and fineness, would probably be estopped to undertake to discharge its debts in dollars of a different value. In order that it might keep faith with its people and in order that it might preserve the credit of the Government beyond the shadow of question in time of emergency and in peril, it probably would be wise and best not to undertake to do otherwise. The Government will have to pay those obligations

anyway; whether we revalue the dollar or whether we do not, it will have to pay them in gold money of the present weight and fineness. But I am thinking, Mr. President, of the millions of Americans who owe debts. I am thinking of school districts, of municipalities, and States throughout the Nation which are covered by a load of bonded indebtedness which they can never, under present values, discharge; and if the revaluation of the gold dollar would aid those debtors, if it would lift commodity prices—and there seems to be no question in the minds of economists that it will have that effect; even the Senator from Montana admits that in the case of France, when she revalued the gold franc, debtors were enabled to pay their debts, and commodity prices within France appreciated and enhanced—if such an act of the Government of the United States would make that kind of a contribution to its people in this hour of great distress, it would, in some measure, have met the tremendous responsibility that is resting upon the shoulders of this Congress.

Mr. President, my own idea as to how much the gold dollar should be reduced is not absolutely fixed, but, on the basis of present values and the indices of commodity prices, my view would be that it ought to be about 65 or 66½ per cent of the present amount of gold in the gold dollar.

It is said that this action is drastic. Mr. President, it may be drastic, but we are faced by a drastic condition. This is a case that is going to require a major operation. No absent treatment, no faith cure, no legerdemain is going to bring back health and sanity to the commerce and industry of the United States. It is going to require a major operation. I am firmly of the view that the best plan looking toward inflation yet proposed is that of revaluing the gold dollar. The Senator from Montana says that it would not raise the prices of wheat and cotton because we export them. I submit to the Senator from Montana that if we reduce the amount of gold in the gold dollar, while commodity prices in gold in France would not be increased, the effect would be to increase them here.

Mr. WHEELER. Mr. President, let me say to the Senator—

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Montana?

Mr. CONNALLY. I yield.

Mr. WHEELER. I think the Senator misunderstood me or I misspoke myself, one of the two.

Mr. CONNALLY. Either is probable.

Mr. WHEELER. I simply said it would not raise the price of wheat and cotton on the world market. I do not want the Senator to misunderstand me. I think that the revaluation of gold as suggested by the Senator would do tremendous good without a question of doubt, and he and I are working for exactly the same purpose. I think he has explained the situation. I agree with him that we have got to take some drastic steps. I am in thorough accord with his views in reference to it. It is only a question, in my judgment, as to whether we should do it by the revaluation of gold or whether we should do it by the inflation of paper currency or whether we should do it by the remonetization of silver. My own view about it is—and I am not infallible—that the greater benefit would come by raising world commodity prices, as would be brought about by the remonetization of silver. In that way, it seems to me, we would accomplish what the Senator wants, and, at the same time, raise world commodity prices for cotton and other commodities that have to be sold on the world market.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LONG. I desire to say that I am in sympathy with both the Senator from Texas and the Senator from Montana. I intend to vote for the proposition of each of them, whichever one can get passed first. They both aim at the same result. I do not know which one is going to be most general in its wide-sweeping effect. I think probably silver will be, but I know that what the Senator from Texas is advocating will also be of great help.

Mr. WHEELER. To be sure.

Mr. CONNALLY. I thank the Senator from Montana for agreeing in principle with the views I have expressed, but I still do not desire to retract anything I have said as to his former observation with reference to raising world prices. So long as foreign countries are on a gold standard, so long as France measures her values in gold, I dare say that even with silver as an auxiliary money base, values in France would still be measured largely in gold, and therefore in the French market wheat and cotton which might be exported from America to France would still be valued in gold.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. CONNALLY. Just a moment. I submit to the Senator from Montana, however, that even though the value of commodities such as wheat and cotton does not appreciate in France, measured in bullion gold, if we devalue or revalue the dollar at home, the dollar which your citizen gets for his wheat and the dollar which my citizen gets for his cotton will be a better dollar, and he will get more of them than he would under the present conditions; and with those dollars he will be able to pay more debts, he will be able to buy more commodities in the market, because of the rise in value of his own products, than he would if the dollar were not revalued.

The Senator from Montana assumes that by an edict or a fiat of pumping value into silver he would thereby raise commodity values abroad. I do not mean to argue with the Senator, but with my present information I can not agree with him in that thesis. It might or it might not result; but it is inevitable that under the plan which I suggest the man out in Montana would get more for his wheat—maybe not any more for his silver, but more for his wheat—and the cotton farmer in the South would get more for his cotton than he would under the present conditions.

Mr. WHEELER. Let me say to the Senator that I agree with his statement with reference to what the devaluation of gold would do as far as commodities in this country are concerned. A man who produced silver would get more money to pay off his fixed indebtedness. There is no question at all about that. That can be done also by inflating his paper currency. The thing that I want to point out to the Senator, if he will pardon me, is this: By reason of the fact that over 60 per cent of the peoples of the world use silver as their yardstick, as we quintuple the value of their money we thereby raise the cost of production in countries that compete with the United States.

India competes with us in wheat. She competes with us in cotton. The leading experts of Great Britain and all over the world say—I challenge the Senator to call attention to a single expert who has ever studied the question but who will say to him, as they have written and said in everything that has been said upon the question—that an increase in the value of silver increases the cost of production in the silver-using countries. As silver goes up the cost of production of wheat and cotton must automatically go up in those countries.

The only difference between the Senator and myself is that I feel that raising the price of silver would raise the commodity level of the things we have to sell in the world market. If we can not get that, let me say to the Senator from Texas, I am perfectly willing to go along with anything that is going to save the debtor class; but, for heaven's sake, let us do something; and the only thing that we have before us now is the remonetization of silver. I am willing to take the remonetization of silver. If we can not get that, I am willing to take something else; but, first of all, I want to save the people of this country from the catastrophe which is facing them.

Mr. CONNALLY. Let me say to the Senator from Montana that, I understand, silver is now selling for about 30 cents an ounce; is it not?

Mr. WHEELER. Yes; less than that.

Mr. CONNALLY. From 25 to 30 cents an ounce. When the Senator makes that silver interchangeable with our own gold at \$1.29 an ounce, there is no question but that we will get plenty of imports of silver. India and China will,

of course, dump their silver on the United States, because it will be higher here than it is anywhere else on earth; and water has a disposition to run downhill, unless Congress passes a law to make it run uphill.

Mr. WHEELER. If the Senator will pardon me again, I am sure he did not hear my speech. I said that the remonetization of silver would automatically raise the price of silver all over the world as fast as the telegraph and the radio could get the news there. If we create an unlimited demand for silver, we automatically raise the price of silver the world over. China and India, which use silver and know silver as their only yardstick, can not possibly dump in this country the silver that they use as money and continue to carry on their domestic and foreign business.

Mr. CONNALLY. Let me ask the Senator a question. His object is to raise the price of silver all over the world, so that India and China will buy our goods?

Mr. WHEELER. Exactly.

Mr. CONNALLY. And they would pay us in silver; would they not?

Mr. WHEELER. Not necessarily. They would take goods in exchange and give us goods. At the present time they can dump their goods upon us and they can not buy from us. The only way that people get gold from us, let me say to the Senator, is by taking gold to fix the balance of exchange. If we remonetize silver, we then give those countries a purchasing power from us; and the balance of trade would be in our favor much more than it is now, and the only way they could get the gold would be to have the balance of trade come in their favor.

Mr. CONNALLY. Let me say to the Senator that I indicated a little earlier that I did not really care to get into a silver discussion.

Mr. WHEELER. I understand, and I am sorry if I diverted the Senator.

Mr. CONNALLY. I am perfectly willing for the Senator to have a chance for his amendment, and I am not undertaking to discuss that. I was only prompted to make such comments as I have made by the Senator's question.

Mr. WHEELER. I understand.

Mr. CONNALLY. But, if the Senator will recall, there is a certain law in economics known as Gresham's law. That law is that whenever the ratio between gold and silver in any country is more favorable than in some other country the migration of gold sets in, and silver goes in the opposite direction. The result is that wherever silver is more to be preferred, that country accumulates all the silver, and, conversely, the other country accumulates all of the gold. Now, how China and India are going to buy our goods, in view of the remonetization of silver, unless they pay for them in silver, I do not understand.

Mr. LONG. Mr. President—

The VICE PRESIDENT. The time of the Senator from Texas has expired.

Mr. LONG. The Senator has another hour on the bill.

Mr. CONNALLY. I do not want to take it all. Mr. President, may I make a parliamentary inquiry? If I use only a portion of the time, do I then have the other time remaining?

The VICE PRESIDENT. The Senator has the balance of his hour.

Mr. CONNALLY. I will consume just a few minutes, then.

Mr. LONG. Mr. President—

Mr. CONNALLY. I yield to the Senator from Louisiana.

Mr. LONG. I was going to ask the Senator about Gresham's law—if that law was not repealed in Texas?

Mr. CONNALLY. Well, I am sure if it were not repealed in Texas we could send it across the border and it would be. [Laughter.]

Mr. WALSH of Massachusetts. Mr. President, may I ask the Senator whether he has prepared an amendment dealing with the subject matter he is now discussing?

Mr. CONNALLY. I will say to the Senator from Massachusetts that I am studying the matter with a view to the preparation of a bill if my investigation justifies that course.

Mr. WALSH of Massachusetts. Would the Senator be willing to state concisely just what his proposition is?

Mr. CONNALLY. I will say to the Senator that I have two alternative branches of the subject. The first is a proposal simply to revalue gold at the present time and leave it stationary in the future. Then there is an alternative plan by which we would devalue it at the present time and then set up a plan whereby we would not coin gold, but would keep the bullion in the Treasury and would issue gold certificates against it, varying from time to time in the amount of grains, depending upon the fluctuations of commodity prices.

I will say to the Senator that I have not yet reached a definite conclusion, but the idea is based upon the condition arising through the appreciation of gold by the action of governments. If gold, based purely on its value as a commodity, had enhanced, that would be one situation; but gold has enhanced and appreciated within recent years, not because of its intrinsic value but because of the increased demand for gold caused by India going off the silver standard and on the gold standard and by the action of other governments throughout the world. That has resulted in an undue and an inordinate demand for gold; and, as the Senator understands, the value of any article depends upon its demand, whether it is for use as money, or for use as ornaments, or for use in the arts or the sciences.

In no other way can the fact be explained that silver, when its volume in the world for 400 years has been about 15 or 16 to 1 of gold, is now probably one-thirtieth or one-fortieth the value of gold. No other explanation can be made, except the fact that silver being demonetized there is not the demand for it; there is not the use for it; there is no desire for it; and, consequently, its value has gone down and down because of the appreciation of gold.

Mr. WALSH of Massachusetts. Mr. President—

Mr. CONNALLY. I yield to the Senator from Massachusetts.

Mr. WALSH of Massachusetts. I have heard it suggested that if the Senator's proposal to devalue the gold dollar were seriously under consideration and likely to be successful—

Mr. CONNALLY. The Senator evidently did not observe the heat and interest which I displayed in my speech when he suggested that it might not be seriously considered.

Mr. WALSH of Massachusetts. I apologize; but it has been suggested that if the people of the country thought favorable action would be taken upon the Senator's proposition, there would be a tremendous movement toward storing the present gold in the expectation that it would be more valuable after devaluation took place, and that would cause a financial catastrophe. I assume the Senator has heard that argument made heretofore.

Mr. CONNALLY. I have.

Mr. WALSH of Massachusetts. And if he has opportunity, in the limited time at his disposal, to discuss the matter, I should be very glad to have him do it.

Mr. CONNALLY. I will advert to that very briefly. Of course, that situation had suggested itself to the Senator from Texas, and that situation would suggest itself in the case of any other readjustment of currency, whether it be by silver or whether it be by paper.

Mr. WALSH of Massachusetts. True.

Mr. CONNALLY. It is simply one of those situations that can not be ignored.

Mr. WALSH of Massachusetts. It would be true of the proposal of the Senator from Montana.

Mr. CONNALLY. It would be true equally of the proposal of the Senator from Montana, and equally with reference to paper money.

Mr. WALSH of Massachusetts. In other words, there would be a temporary period when there would have to be a moratorium or some other drastic step taken to permit the people to readjust to the new standard.

Mr. CONNALLY. I suggest to the Senator that my own thought is that if such a program were determined upon, the first step in the program would be to suspend gold pay-

ments by the Treasury, keep in the Treasury the gold that is now there, and, if possible, to suspend gold payments by the banks and the Federal reserve system for the purpose of then undertaking this readjustment. But let me say to the Senator from Massachusetts that there are \$5,000,000,000 of gold in the United States. Is not that true?

Mr. WALSH of Massachusetts. Certainly.

Mr. CONNALLY. How much property is there in the United States? There is supposed to be \$200,000,000,000 of property in the United States, even under the reduced values we are living under to-day. At one time it was estimated, I believe, that there was \$360,000,000,000 of property in the United States. That property has been reduced now to \$200,000,000,000, with only \$5,000,000,000 of gold. Suppose the holder of every dollar of that actual gold got his money and, on a revaluation, was able to get \$1.40 for every dollar of gold. Would not that be a cheap price to pay in order to save the other \$200,000,000,000 of property which that \$5,000,000,000 of gold has already appreciably reduced in value?

Is it fair, is it just, that to a little pile of \$5,000,000,000 of gold there should be anchored not only the currency of the country but the value of every home, of every farm, of every skyscraper, and every piece of tangible property in the United States?

Would a nominal increase in the value of gold to its owners be an insuperable objection to a measure which, I believe, would restore measurably the prosperity of the people of the United States and enable debtors to discharge their obligations and enable creditors to get payment for their bonds? Neither, under present conditions, will receive either the obligation in the form of payment of the bonds or the satisfaction which would come from the discharge of the debts on the part of the debtors. We would freeze, for the time being, all gold deposits, and hold them subject to readjustment on the new basis of value as decreed by the Congress.

If Senators will observe, any kind of drastic action in any field by the Congress causes a reaction. I have already adverted to the change in the conditions due to the World War. Think about how fundamental and how profound were the effects not only upon the United States, but upon the whole world, of the entry of the United States into the World War. Think about the millions of lives and the billions of dollars that were wasted. Think about the economic suffering that has ensued since that time, traceable in some measure to the World War. Did Senators then hold up their hands in horror and say, "We can not enter the war because of that"?

(At this point a message was received from the House of Representatives, which appears at another place in the RECORD.)

Mr. CONNALLY. Mr. President, we have just heard read a message from the House of Representatives advising the Senate that the House had agreed to the conference report on the crop production loan measure. Why was that measure necessary? Was it because our fields have become sterile? Was it because the farmers of the United States are no longer industrious? Was it because they were no longer tilling those fields, putting their labor and their intelligence into the marvelous laboratory of nature to bring forth food to sustain the people of the earth, and clothing to protect them from the elements? No, Mr. President; we are called upon now to make crop-production loans to the people of the United States because their commodities, their farm products, when produced, measured by the present value of gold and by the present onerous burden of indebtedness, do not yield them a sufficient return to enable them to make the expenditures necessary for their own sustenance, and in any degree discharge their obligations and their debts.

I am glad I was interrupted by that announcement. It brings vividly before the Senate the absolute necessity for Congress and the Senate to refrain from pursuing the old French policy of *laissez faire*. The policy of *laissez faire*—let things alone, let them be—would result inevitably in

wholesale bankruptcy and further paralysis of the business and the commerce and the agriculture of the United States. Senators need no admonition along that line.

I lay down the challenge here and now for Senators to point out either the lack of legal authority of the Congress or absence of the economic necessity, for the plan which I now suggest, of revaluing the gold dollar on a ratio comparable to the prices of other commodities and other values in the United States.

The Senator from Montana proposes to make gold and silver money in a ratio of 16 to 1. What does he do? He multiplies the price of silver by four. If it is fair and just to multiply the value of silver by four, is it not fair and just to depreciate the value of gold by 33½ per cent?

Mr. LONG. Mr. President, in 1919, when the price of silver went to \$1.30 an ounce, it did not have such an effect as the Senator seems to think it had. It did not result in a great deal of silver coming into the country. It did result in a large amount of trade.

Mr. CONNALLY. Mr. President, I am not trying to argue the silver question. I am prepared to accept any sound plan for revaluing our money that may be proposed, and the one that is most available; but let me suggest to the Senator from Louisiana that when the world price of silver was \$1.29, there was no more reason for silver coming to the United States than for it going to any other country, because it was worth everywhere the same. But, if by law we should make silver worth four times as much in the United States as it is worth in China, I do not think even a Chinaman would hesitate to send his silver to the United States and get four dollars for one.

Mr. LONG. Mr. President, if the Senator will pardon me further, there are only two countries to-day that are on the gold basis, the United States and France, and France is in default.

Mr. CONNALLY. That is true. While Great Britain is off the gold standard, she is not on the silver standard. She is on the pound standard, of course. Let me suggest to the Senate what England did when she went off the gold standard. She revalued her pound; that is all she did. She did it deliberately, according to my view. I believe that the Bank of England and the English Government could have maintained the gold standard if they had desired to do so, but English statesmen, not laboring under some of the hesitation and fear under which some Senators seem to be laboring, thought that in the then economic status of the world it was to England's advantage to revalue the pound, and she went off the gold standard by suspending gold payments and revaluing her pound at something above \$3.

Mr. GLASS. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.

Mr. GLASS. Does the Senator exactly understand that England revalued her pound, or that the pound itself depreciated when England went off the gold standard?

Mr. CONNALLY. I will say to the Senator that I did not mean to suggest that England, by any governmental action, actually revalued the pound, but I did mean to suggest that her action resulted in the pound revaluing itself.

Mr. GLASS. Does the Senator suggest that thereupon commodities rose in price in England to anything like the percentage of devaluation of the pound?

Mr. CONNALLY. No; I do not.

Mr. GLASS. Trade went on as usual, on the usual basis.

Mr. CONNALLY. Very well; but the Senator indicates that England did not revalue her pound in gold, and that commodity prices were not appreciably changed by her going off the gold standard. Would the Senator contend that that would be true if she had revalued her pound in gold and remained on the gold standard?

Mr. GLASS. I will say to the Senator that I have no faith whatsoever, I have never been convinced, that the theory of an abundance of promises to pay is a correct theory. In other words, I totally dissent from the quantitative theory of money.

Mr. CONNALLY. I was not advocating that particular angle. I will ask the Senator, though, if he believes that

22½ grains of gold would buy the same amount of commodities that two-thirds of that amount would buy?

Mr. GLASS. I think it depends upon many related circumstances. I do not think the depreciation of the dollar would permanently raise commodity prices. On the contrary, I think it would so deprave our currency that it would bring ruin particularly to the wage earners of the country and to those who are on fixed salaries.

Mr. CONNALLY. I can not quite understand the Senator from Virginia. In one breath he says that in England the reduction of the value of the pound to about \$3 did not change the price level and consequently, of course, did not change the wage level, and yet in the next breath he suggests that if we cut down the value of the gold dollar it would reduce the wage level and would not improve the commodity level.

Mr. GLASS. If the Senator will permit me, the Senator from Virginia thinks that it is impossible to stabilize the dollar as the standard of the country without stabilizing everything the dollar will buy.

Mr. CONNALLY. Let me ask the Senator whether he thinks it is fair for the dollar to dominate all other commodities on earth, or does he think it is fairer for the dollar to bear some relationship to the values of all other commodities in the world? That is what the Senator from Texas is interested in, and the Senator from Texas is not preaching fiat money, he is not preaching free silver, but he is undertaking to lay down the doctrine that events, the actions of governments, inexorable facts, have increased the value of gold out of all proportion to what it was at the time the debts of the American people were contracted, and that simple justice and fairness require that the dollar be revalued so that it will bear some fair relationship to the dollar which the debtor borrowed when he borrowed it.

Mr. GLASS. Yet the United States has billions of dollars more of gold to-day than it had when the debts were contracted. I will say to the Senator that there is one inexorable law which no amount or character of legislation can affect, and that is the law of supply and demand.

Mr. CONNALLY. Certainly; I agree with the Senator in the enunciation of these platitudes; I agree with him that the law of supply and demand is the law, and that is exactly what I am talking about. A while ago the Senator said reducing the amount of gold in the dollar would not help matters, and then I asked him if he thought 22½ grains of gold would not buy more products than 16 grains of gold would, and he did not seem to make a distinct reply.

Mr. GLASS rose.

Mr. CONNALLY. Wait just a minute. We have the law of supply and demand on gold, which is a commodity, the Senator says. Its value depends upon the amount of it, the demand for it, and the use of it; and gold being a commodity, regardless of the stamp of the Government, regardless of anything else, I lay down another generality, another glittering platitude, that 22½ ounces of gold are worth more than 16 ounces of gold, and will buy more goods anywhere in the world.

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. If every country in the world should by legislation provide that all debts should be paid in wheat, what effect would that have on the price of wheat?

Mr. CONNALLY. It would make the price of wheat go skyrocketing because every man that owed a debt would want to get some wheat so he could pay that debt. It would lift the price of wheat to-morrow. The only reason why a man wants wheat now is to eat it. It would double or quadruple the price of wheat. Does the Senator agree with that statement?

Mr. SHIPSTEAD. Yes. May I ask the Senator another question?

Mr. CONNALLY. How much time have I remaining, Mr. President?

The VICE PRESIDENT. The Senator has eight minutes remaining.

Mr. CONNALLY. I yield to the Senator from Minnesota. Mr. SHIPSTEAD. Wheat would still be a commodity, would it not?

Mr. CONNALLY. Wheat would still be a commodity, to be sure, but even so, if we adopted that standard, 2 bushels of wheat would pay twice as many debts as 1 bushel of wheat. If the unit value was one bushel instead of two bushels, the debts would be discharged half as easily.

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Louisiana?

Mr. CONNALLY. I yield.

Mr. LONG. The Senator from Virginia suggested that the law of supply and demand must be taken into consideration. Is not that what the Senator from Texas is arguing?

Mr. CONNALLY. I tried to make it clear to the Senator from Virginia that with the world supply of gold its price would depend upon the amount of gold in the world and the demand for that gold for use either as money or in the arts or as ornaments and jewelry. Such being the law of supply and demand, 2 ounces of gold would buy more of any other commodity than 1 ounce of gold, and therefore if the dollar were reduced from 23 or 24 to two-thirds of that amount, the new dollar would be only two-thirds as much as the old dollar; but as a result commodity prices would be enhanced, and debts would be scaled in somewhat the same proportion.

The Senator from Virginia talks about the paper British pound. He is not talking about the gold pound. Of course, we would go to a drug store and we would buy a proprietary tooth paste or some other article that always sells for 25 cents. The chances are that the article would go on selling for 25 cents regardless of any particular slight change in the value of money.

In England the pound has been the standard of value for hundreds of years. It is standardized in the British mind. When Great Britain went off the gold standard, among themselves in their own little British family it was still a pound. The Briton did not get any gold for it, but it was still a pound. The man whose salary was measured in pounds probably went on receiving the same number of pounds for his day's work or for his month's work. The man who was purchasing an article that had always been selling for a pound went on purchasing it for a pound. The value of the pound in a large degree was only affected in the world market when England got off the paper pound and went on the gold pound.

If we were on a paper currency basis here, unsupported by gold, if we had only paper money, I grant that what the Senator from Virginia has suggested might be true. Commodity prices probably would not go up very much. Wages might not be very much affected, because if we had paper money, and if we did not see any gold, and if we got \$100 a month last year, then we would get \$100 a month this year in paper money. But the pound is not a gold standard of value of a pound. The dollar is a gold standard of a dollar. I submit with due respect to the eminent Senator from Virginia who is in charge of the bill, the honored chairman of the Subcommittee on Banking and Currency, a man for whose views I have the highest respect and for whom I entertain the warmest personal regard, that any high-school boy is bound to acknowledge that, according to the law of supply and demand, 23 grains of gold is worth more than 16 grains of gold.

Mr. President, I have consumed more of the time of the Senate, than I expected when I took the floor. On some future occasion I expect to address the Senate upon some of the legal aspects of the proposal which I have had the temerity and hardihood to advance in this body amidst the clash of views, on the one side, of the Senator from Virginia [Mr. GLASS] and, on the other side, of the eminent Senator from Montana [Mr. WHEELER] and other Senators who are advancing various views as to inflation.

I suggested at the outset that I am investigating the authorities as to the constitutional power of the Congress to do what is proposed and as to the power of the Congress in

the future to prohibit gold contracts calling for payment in dollars of any specific weight or standard of fineness. I would not prohibit that on the part of the Government, because the Government credit must be preserved at all hazards; but I propose a provision of that kind, making contracts that call for dollars dischargeable in whatever may be the lawful money of the country at the time of payment.

In addition to that, Mr. President, I desire to suggest to the Senate that Congress possesses ample power, through the power of taxation if no other way, to prohibit creditors requiring the execution of these extraordinary contracts payable in gold of a specific weight and standard of fineness. To do that is to permit individuals by contract to fix and regulate the value of money in defiance of the grant of the Constitution. I would use the taxing power of the Government, if necessary, to tax such contracts at such a rate of annual income as to make the contractors very happy to accept the legal money of the country at the time of payment.

Mr. FESS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Ohio?

Mr. CONNALLY. I yield.

Mr. FESS. I have been greatly impressed with the argument of the Senator from Texas.

Mr. CONNALLY. I thank the Senator from Ohio.

Mr. FESS. I am not an inflationist. On the other hand, I am very much opposed to that policy. But the Senator from Texas is arguing on the basis that if gold is of a value intrinsically established by the law of supply and demand, and if we have \$5,000,000,000 of gold to-day, that represents the coinage value of that amount at the rate of 24 and a fraction, and if we should reduce that one-third, or if we should reduce it 6 grains, we would have a coinage value of about \$6,600,000,000 instead of \$5,000,000,000. We have not increased the quantity of gold at all, but we have changed the value of it. But if gold is coined on the basis of the value that it commands in the market, I do not see how, by increasing the coinage to \$6,600,000,000 without increasing the value of it, we have done what the Senator is trying to do. It would appear to me that if there is a fault in our coinage on the ground that we do not produce enough gold, then the change in value which the Senator would make would be a logical process. That impresses me. But how does the Senator increase the purchasing value from \$5,000,000,000 to \$6,600,000,000 merely by changing the coinage value, wholly ignoring the current value in the markets of the world?

Mr. CONNALLY. I do not wholly ignore the current value. I recognize it, and I recognize that current value measured in dollars—I am not talking about world value now—is so out of proportion to the value of those dollars when the debts were incurred that it calls for a readjustment. Let me suggest to the Senator, furthermore, if the Senator's contention is true, why not increase the gold content of the dollar twice over? Does the Senator mean to say that if we had 46 grains of gold in the dollar we would get them just as easily and that that would not have any effect on the price level?

Mr. FESS. The effort here is this. As gold is mined and brought to the mint it is coined. The price that is paid for gold of course is the price that it commands in the market. If we undertake to change that by coinage stamp alone, we run up against the obstacles which the Senator from Virginia has suggested, and we can not by legislative decree change the law of supply and demand.

Mr. CONNALLY. I have really no further views on the law of supply and demand. I submit to that law. But let me suggest to the Senator another thought. If the Senator will go back over the mining history of the country he will find that gold has not increased in volume in the world anything like in the proportion that other wealth has increased. Will the Senator admit that?

Mr. FESS. Other wealth? That may be true. However, the increase in the production of gold has kept pace with the increase of population. I am not sure but what it has been nearly equal in proportion to the increase of the business of the country.

Mr. CONNALLY. The Senator talks about gold being mined and brought to the mint. When it is mined and brought to the mint it becomes a dollar. Anybody can bring gold there and, having sufficient grains of it, can have it coined into a dollar. So far as the dollar is concerned, that is the fixation of the value. It is made a dollar because it is 23 grains of gold.

Mr. FESS. The Senator is wrong, because the gold is worth just as much in the bar as it is when it is coined.

Mr. CONNALLY. Why, of course it is, because the man with the bar of gold in his pocket, if he wants to do so, can go over to the mint and trade it for just as many gold dollars as the bar will make. It is just like a check for \$100. If we can go to the bank and cash the check for \$100, it is worth \$100. Of course the gold bar has value aside from its use as money.

It has value in the chain which the Senator wears that adorns his otherwise attractive person. It has a value in gold-rimmed spectacles. It has value in the valuable gold watch the Senator has in his pocket. So far as money is concerned it has the same money value that it has by reason of its exchangeability at the mint for a dollar.

Mr. FESS. I am not taking serious issue with the Senator except upon the point of increasing the purchasing power.

Mr. CONNALLY. If the Senator had done me the honor to give my former remarks the same analysis and particular attention that he is giving my remarks at the present moment he would have observed that my chief argument was that the value of this reduction would enable debtors, who borrowed money when money was cheap, to discharge their obligations now that the dollar is skyrocketing out of all proportion to other values. I agree with the Senator to the extent that 16 grains of gold in France or in England probably would not buy another dollar's worth of foreign goods more than it would now.

My proposal is to help the people of the United States. The Senator from Ohio is rather distinguished for his lack of sympathy for any of our money's going to England and France for the purchase of commodities for the purpose of having them imported here, and I am rather surprised at his concern as to the value of our money in foreign countries. I am trying to lower the gold content of the dollar because doing so will enable the debtors to pay their debts; it will enable people to get more for their commodities in America. Suppose an article sells for 100 francs in Paris; what difference does that make to the farmer in Ohio? He is not dealing in francs; he is concerned with the big, old dollar. That is what he pays his debts with. He does not spend his money on the boulevards; he does not visit the night clubs along the lighted highways of Montparnasse, and spend his money in that way. He wants some dollars that will pay his grocery bill; he wants some dollars that will pay the mortgage on his cow; he wants some dollars that will discharge his note at the bank; and if by revaluing the gold dollar he can get more United States dollars with which to discharge his obligations and buy himself commodities, he does not worry about what the dollar is worth in francs. [Laughter.]

Mr. FESS. The Senator from Ohio thinks that the Senator from Texas is not properly appraising what the people of Ohio want. What the people of Ohio want is to prevent the articles manufactured in France by labor that is already cheap, and which is paid in a cheap franc, coming in competition with what they produce in Ohio. The people of Ohio are more concerned about that than anything else. They are not willing to cheapen the dollar in order to meet the demand in France.

I wish to say to the Senator that I have been impressed by the argument he has made. It is very different from the

argument which is sometimes made on the silver question in advocacy of setting up two metals and requiring the Government to keep them at a parity. I can not see how that can be done. If both should be made legal tender, I am wondering how long we would have both gold and silver circulating, and how soon we would go off the gold basis by that action alone. I have no sympathy with that sort of thing; but I think the Senator has made a very strong presentation of the case he has in hand.

Mr. CONNALLY. I thank the Senator, and I want to take this occasion, in thanking him, to assure him that the people of Ohio ought not to have any doubt as to the sincerity and loyalty of the Senator from Ohio in doing just what he indicated was to the interest of the people of Ohio with reference to manufactured goods abroad. He has, on a number of occasions, distinguished himself in both Houses of Congress by his course with reference to the tariff.

Mr. KING and Mr. SHIPSTEAD addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I yield first to the Senator from Utah, but, Mr. President, I wish to save a few minutes, and I should like to inquire how much time I have left.

The VICE PRESIDENT. The Chair is informed the Senator has about 20 minutes left.

Mr. LONG. Mr. President, may I make a unanimous-consent request?

The VICE PRESIDENT. The Chair desires to make a statement. The Senator can only yield for a question except by unanimous consent.

Mr. CONNALLY. I can only yield for a question by unanimous consent?

The VICE PRESIDENT. Except by unanimous consent.

Mr. CONNALLY. I yield merely for a question.

Mr. KING. Mr. President, I was interested in the statement the Senator made—perhaps I misunderstood him—which implied that Congress could by law change a contract which called for the payment of an obligation in gold of the present weight and fineness. The Constitution—

Mr. CONNALLY. If the Senator will pardon me right there, let me say that he evidently did not hear that portion of my speech. I said that I am examining the authorities but that I was not as yet prepared to make that statement; that I was not accepting it without question at this time. I am not prepared to argue that with the Senator. I may suggest to him, however, that in the Legal Tender cases the Supreme Court of the United States held that a contract which called for coin face could be discharged by paper dollars irredeemable in any kind of coin. The Senator is aware of that decision.

Mr. KING. I am familiar with that. It occurs to me though—if the Senator will pardon me, and then I will conclude—that if a contract, for instance, calls for the payment of an obligation in so many bushels of wheat, Congress could not interfere and require that the creditor should take so many bushels of rye or should take a less number of pounds of wheat than the contract itself called for. So a contract calling for so many ounces or grains of gold or silver in the payment of a debt can not be, it seems to me, modified by Congress, for that would be interfering with the obligations of a private contract.

Mr. CONNALLY. Let me say again that evidently the Senator was at luncheon when I was delivering the major portion of my address.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Nebraska?

Mr. CONNALLY. I will yield in a moment. Other Senators here will bear witness to the statement, if the Senator from Utah questions it—

Mr. KING. I accept the Senator's statement.

Mr. CONNALLY. That I expressly stated that a contract which called for a commodity—so many ounces of bullion, so many bushels of wheat—was a contract which the courts would require to be fulfilled. Further, I said, however, that I was not clear as yet as to a contract which calls for so

many dollars, even though qualified by a clause of the present weight and fineness. That is an element in the situation, and it may be determined that a clause as to present weight and fineness will govern. However, a contract calling for dollars of present weight and fineness is distinguishable from a commodity contract. The dollar is a creature of law; it is not the gold in a dollar that is a dollar; it is not the silver in a dollar that is a dollar; the dollar is simply a symbol, a symbol established by law, and when the creditor calls for so many dollars I am not prepared at this time to deny that that contract can not be met by the tender of a dollar which the Congress, under its power to coin money and regulate the value thereof, may determine to be a dollar at the time the debt is to be discharged.

As tending to support that view, I submit the decision of the Supreme Court in the Legal Tender cases, wherein it was held that a contract which called for dollars at a time when only gold or silver coins were money could be lawfully discharged by a paper dollar which had no redeemability at all, but was simply a promise of the Treasury at some time in the future to pay a dollar, without saying what kind of a dollar. I submit that is rather persuasive.

Mr. SHIPSTEAD and Mr. NORRIS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. The Senator from Minnesota was on his feet a few minutes ago and I did not yield to him. I now yield to him.

Mr. SHIPSTEAD. I should like to ask the Senator if a contract proved to be impossible of performance—if it were impossible to deliver as contracted—would that affect the contract?

Mr. CONNALLY. Under the law, one may not be required to do impossible things; it would be necessary to measure it in some other way. For instance, an act of God or something of that character might interfere with the contract; but that question I have not now the time to discuss.

Mr. SHIPSTEAD. May I ask the Senator another question?

Mr. CONNALLY. Certainly.

Mr. SHIPSTEAD. In the colloquy with the Senator from Ohio I understood the Senator from Ohio to say that the Senator from Texas had said that, in his opinion, it was the intrinsic value of the gold that determined the value of the dollar. Am I correct in that?

Mr. CONNALLY. If I said that, I was not quite accurate. What I meant to say was that it is the value of the gold measured by the demand for it that makes the value.

Mr. SHIPSTEAD. May I ask the Senator a further question?

Mr. CONNALLY. Certainly.

Mr. SHIPSTEAD. If gold were demonetized and not used for money—

Mr. CONNALLY. It would not be worth so much; of course not. I tried to make that clear in answering the Senator a little while ago about wheat.

Mr. NORRIS. Mr. President—

Mr. CONNALLY. I yield to the Senator from Nebraska.

Mr. NORRIS. The Senator from Utah in the question he propounded to the Senator from Texas said, as I understood him, that a contract payable in wheat could not be complied with by the delivery of rye. I merely want to call attention to the fact that, in my judgment, that does not apply to the question the Senator from Texas has raised, because Congress has no constitutional authority to fix the value of wheat or rye, either one, but it distinctly has authority under the Constitution to fix the value of money.

Mr. CONNALLY. That is correct.

Mr. KING. Mr. President, will the Senator yield?

Mr. CONNALLY. Yes.

Mr. KING. Is the Senator quite accurate? Congress has the power to "regulate the value." Is there not some difference between regulating and fixing?

Mr. NORRIS. Of money?

Mr. CONNALLY. Regulating means changing it whenever you get ready, of course. Let me say to the Senator

from Nebraska and also to the Senator from Utah as to the decisions of the courts upon which Senators rely for maintaining the doctrine that these gold-of-the-present-weight-and-fineness contracts can not be affected, that in not one of those cases had the Congress undertaken to do this thing; that is, in none of those cases upon which they rely, was the question presented from the angle which we are now presenting it. In other words, in none of those cases had the Congress undertaken to change the value of the gold dollar or to change the value of the dollar at all. When Congress, in the exercise of its undoubted power to coin money and regulate the value thereof does that thing, a new question is presented. All the cases hold that when Congress acts under a specific grant of power there is a wholly different question presented than an incidental one which arises by the exercise of some other power. Does the Senator from Ohio follow me?

Mr. ROBINSON of Arkansas. Mr. President—

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Arkansas?

Mr. CONNALLY. I yield.

Mr. ROBINSON of Arkansas. I can not make the interruption of the Senator from Texas by a mere question.

Mr. CONNALLY. I ask unanimous consent that the Senator from Arkansas may be permitted to interrupt for more than a question.

The VICE PRESIDENT. Is there objection? The Chair hears none, and permission is granted.

Mr. ROBINSON of Arkansas. My statement will be very brief. Under the legal issue the Senator from Texas has raised, in my conception two possible questions arise; first, whether the Government of the United States itself when entering into contracts for the payment of sums in gold dollars of the present weight and fineness may estop itself from the exercise of the power granted in the Constitution to the Congress:

To coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

Certainly private contracts can not estop the Congress from the exercise of the power which has just been described. In my judgment, the mere agreement between individuals or individuals and corporations for the payment of sums in gold dollars of the present standard of weight and fineness would not operate to prevent the exercise of the power of Congress to increase or decrease the amount of gold in the standard dollar. That power has been exercised and it has been sustained.

Mr. CONNALLY. Will the Senator let me interject a remark just there?

Mr. ROBINSON of Arkansas. Yes.

Mr. CONNALLY. The Senator from Texas has already undertaken to make clear to the Senate that in the case of Government obligations he is not prepared to propose that the Government ought even to try to do it, because if the Government has made that sort of a promise in order to maintain the public faith and in order to preserve the public credit I am not prepared to say that I favor the Government itself undertaking to revalue its own obligations.

Mr. ROBINSON of Arkansas. What would be the economic effect of the exercise of the power, if it exists, to reduce the quantity of gold in the standard dollar is a question which at this time I shall not attempt to discuss; but I am speaking now briefly of the legal question involved. Certainly private individuals can not estop the Government from the exercise of its constitutional power. They can not prevent the Congress from the enactment of laws changing the weight and fineness of gold in a dollar. The provision of the Constitution which inhibits or prevents the impairment of the obligations of contracts is not directed against the Congress or against the Federal authority, as the Senator from Texas and other Senators will understand, but it is directed against the power of the States. There does arise a question, as I have indicated, as to what would be the moral and the economic effect of the exercise of the power, granting that it does exist.

If the Government should say that, notwithstanding these contracts are payable in gold dollars of the present standard of weight and fineness, they may be paid in gold dollars of a less weight and fineness, it is difficult to determine whether it would affect in an indirect way the credit and standing of the Government of the United States to exercise the power which I think it possesses. I think there is very little doubt about the existence of the power.

I thank the Senator for yielding to me, and I do not feel justified in taking any more of his time.

Mr. CONNALLY. I thank the Senator from Arkansas for his illuminating interruption. Let me suggest to the Senator from Arkansas this thought: Even though the Congress does not have the power, if it should be so held, to alter or change the effect of the gold contracts in the past as to present weight and standard of fineness, I submit that an act of Congress prohibiting contracts of that kind in the future would be a sound public measure which would be for the welfare of the whole people of the United States, because contracts of that sort really are in derogation of the paramount power of the Congress to fix the value of money.

What is the use of Congress having the power to regulate the value of money if private individuals, in defiance of the Constitution, may themselves regulate the value of money and fix the measure of values? Why was that clause inserted in the Constitution? Was it meant to slumber there unused? Was it meant to become a portion of a paralyzed power? The power to regulate the value of money was put in the Constitution by the fathers of the Republic to be used, to be employed, to be exercised whenever Congress felt that it was necessary to use that power and regulate the value of the gold dollar or any other kind of a dollar.

Senators talk about impairing the obligations of contracts and scaling down debts. Take our present posture with reference to World War debts: Our debtors say they can not pay us. They say they are bankrupt; yet Senators who stand on this floor and tremble at the prospect of reducing the value of the gold dollar in order that the American people may pay their own debts are perfectly willing to revalue the World War debts, and scale them down, and probably cancel them. If it is immoral to scale down the debts of our own people, how does it become moral to scale down the debts of foreign governments?

I am not prepared to argue that question. I am only using that by way of illustration.

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Louisiana?

Mr. CONNALLY. I do.

Mr. LONG. About 30 minutes of the Senator's time has been consumed—

Mr. CONNALLY. I do not want any more.

Mr. LONG. I wanted to suggest that while it is true that the Government may have prescribed that its obligations should be paid in gold coin of the present standard of weight and fineness, nevertheless Congress has the power to regulate the value of money; and the Supreme Court of the United States has held time and time again that regardless of whatever contracts might be fixed by a municipality or by a State or by the Government, the power to regulate was above that and that whatever was fixed by contract yielded to the future regulation vested in Congress.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator permit me to interrupt him for just a minute?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Arkansas?

Mr. CONNALLY. I do.

Mr. ROBINSON of Arkansas. Concededly, that is correct with respect to private contracts. I am not prepared to admit that it is correct with respect to contracts which the Government itself makes.

Mr. LONG. As to the law, it is correct. As to the morals, it might not be.

Mr. CONNALLY. Mr. President, I have adverted to that matter several times and I shall not take up any more time to cover it.

As to contracts which the Government itself has made payable in gold coin of a certain standard of weight and fineness, I am not prepared to say that the Government should not pay them according to their terms in order to preserve its faith with the people and preserve its credit; but I am not worried about the governmental debts that the United States owes. We are going to pay them, and pay them in whatever way they ought to be paid; but I am concerned with private obligations.

Senators say we can not afford to scale down debts. What does Congress do when it passes a bankruptcy law? What does it do to the contract of the creditor? It wipes it out and destroys it. What does Congress do to the obligation of contracts when it passes other legislation? Why, we have bills pending here now to amend the bankruptcy law, to invoke the aid of the Federal courts in order to prevent creditors from collecting their debts from debtors, and to force debtors and creditors to readjust their debts; and Senators will vote for those measures.

Mr. President, the power to regulate the value of money is one of the paramount powers of the Congress. It is superior to the right of any individual. It is superior to the right of all of the individuals in the United States, if they could be gathered together. It is a constitutional grant to the Congress; and the Constitution trusts the Congress to use its patriotism, its sense of justice, its wisdom, not so to revalue the dollar as to be unjust to the creditor or unjust to any other class. It is a power that the Constitution grants to Congress in the expectation that Congress, with due deference to the general welfare, with a solemn respect for the oath which its Members took, and in the presence of all of the high powers under the Constitution will perform its duty in revaluing money, and revaluing it justly and fairly. There is no question of morals involved, unless Senators in their own hearts vote for such a revaluation as is not just and fair under all of the circumstances and in consideration of all other factors and values of commodities.

Mr. President, at some future date I shall ask leave of the Senate to deliver some other remarks with regard to different aspects of this question, particularly with respect to the constitutional and legal features. At the present time I yield the floor.

The VICE PRESIDENT. The time of the Senator from Texas has expired.

Mr. GORE. Mr. President, I do not pretend to have any extensive knowledge on the subject of money—on the science of money. Indeed, I have not very much confidence in anyone who professes to have; but there is one point arising out of the discussion to which we have just listened that perplexes me. I wish to illustrate my perplexity.

Suppose that in 1929—it is rather a wild assumption—the Senator from Texas [Mr. CONNALLY] and I were each possessed of \$1,000 in gold coin of the United States of the present standard of weight and fineness. The Senator from Ohio [Mr. FESS] applied to me for a loan of \$1,000 in gold. I made answer that I did not like the outlook. I refused the loan, stating that I preferred to keep my gold in my sock, or locked up in a strong box.

The Senator from Ohio then applied to the Senator from Texas for a loan of a thousand dollars in gold. The Senator from Texas, more public-spirited than myself, with more confidence in the outlook, made the loan of a thousand dollars in gold, payable four years after date.

When the date of payment arrived, prices had declined 50 per cent. Gold had appreciated 100 per cent. The Senator from Ohio took \$500 in gold of standard weight and fineness to the Senator from Texas and made tender. The Senator from Texas suggested that he had lent to the Senator from Ohio a thousand dollars of standard weight and fineness, and that he desired, and all that he desired was, the return of as much gold as he had parted with. He wanted that—nothing more, nothing less.

The Senator from Ohio stated that while the loan bore the form of gold, after all, he had borrowed purchasing power, that he was tendering to the Senator from Texas as much purchasing power as he had obtained, that \$500 in gold

would buy as much now as a thousand dollars in gold would have bought when the loan was negotiated. The Senator from Texas, when payday comes, still insists on a thousand gold dollars of standard weight and fineness.

The Senator from Ohio comes to Congress, exerts his influence with this legislative body, and prevails upon Congress to cut down the number of grains in a standard gold dollar to one-half of what it was when the contract was entered into. He returns to the Senator from Texas and makes tender of one-half as much gold as he borrowed; and the Senator from Texas, under the compulsion of Congress, receives one-half as much gold as he parted with.

I am watching the transaction. I have kept my gold in my sock, and I have twice as much gold as the Senator from Texas. I have twice as much purchasing power as the Senator from Texas, because my gold slumbered instead of working.

A little later the Senator from Ohio returns to the Senator from Texas and suggests that he would like to borrow another \$1,000 in gold. The Senator from Texas says, "Very well; I will make the loan; but I should like to insert in the contract a stipulation that you will return to me as much gold as I let you have, neither more nor less." He writes the gold clause in the contract, feeling safe. Time passes. Prices decline. Gold appreciates. The Senator from Ohio makes tender of half as much gold, half as many of these cheap dollars as he had borrowed. The Senator from Texas says, "I have the gold clause in my contract, and you must pay me back what you got from me." The Senator from Ohio comes to Congress and prevails upon Congress to annul these contracts, to impair the obligations of private contracts, striking out and annulling the gold clause. The Senator from Ohio makes tender of half as much gold as he borrowed in the last instance and one-fourth as much gold as he borrowed in the first instance; and under the law introduced by the Senator from Texas, abrogating the gold clause, the Senator from Ohio makes payment in full. The Senator from Texas is obliged to accept.

Senators here undertake to make the point that the Government should reserve and retain its right to insert the gold clause and to exact "the pound nearest the heart" but that it ought not to insist upon the observance of good faith as between private individuals. The individual is helpless. He is not a sovereign. He relies upon the protection of his Government for the sanctity of his contract. The Government abrogates that contract.

The private citizen toils and pays taxes in times of peace. He fights and dies, if need be, in time of war. All that he asks, all that he expects is protection—protection of life and property, the protection of his rights. The supreme duty of government, indeed the supreme purpose and object of government, is protection—to protect its citizens against injury and injustice.

I do not doubt that in so far as contracts are concerned that are not stipulated to be paid in gold this Government can require the creditor to take one-half as much gold as he parted with. Henry VIII debased the coin of the realm several times during his reign, until the coin contained less than half as much gold as it contained at the beginning of his reign. I believe Sir James Mackintosh said that Henry VIII approached as near to total depravity as the infirmities of human nature would permit. That act of debasement has always stood out amongst the blackest marks against the record of that tyrant and that despot.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. GORE. No, Mr. President; I do not wish to yield at this moment. John II, of France, debased the coin nine times during his reign. In France, from first to last, the standard coin was depreciated and debased until it contained one seventy-third as much metal as when the standard was originally proclaimed.

These acts of debasement on the part of tyrants have heretofore been regarded as among the blackest pages in the annals of human despotism.

Mr. President, I am not yet convinced that Congress can change a contract stipulating that payment shall be made in

standard gold coin of standard weight and fineness at the date the contract is made. The Supreme Court of the United States, in the case of *Bronson v. Rhodes* (7 Wall.), held that such a contract was nothing more nor less than a contract to deliver bullion, and held the contract in that case a valid contract and payable in gold, and that principle has never been reversed or overruled, in legal decisions or elsewhere, so far as I have been able to ascertain.

Mr. President, the power of regulating the value of money set forth in the Constitution relates to our own coins and to foreign coins. What does the power mean? It is the power to fix the weight and fineness and denominations of our coins. Neither the fathers assumed, nor has any economist, so far as I know, assumed, that Congress can regulate the value of money in exchange.

Congress authorized the issuance of paper money during the Civil War, and the dollar fell to as low as 35 cents, and it passed current with the people, was legal tender in payment of debts, and creditors were compelled to take it, whether they would or not. Does anybody assume that Congress could have raised the price of those greenback dollars from 35 cents to a hundred cents merely by an act of legislation? If it could have done so, how gross the moral turpitude of Congress in not exercising such power and raising that money to 100 cents on the dollar, and in compelling honest creditors to accept 35 cents in discharge of a debt of a dollar.

Suppose I should agree to deliver, I will say to the Senator from Arkansas, who, we will say, is a cotton spinner, a thousand bales of cotton. He makes his contracts based on the expectation that he will get a thousand bales of cotton, and commits himself to his customers. Time passes, the price of cotton doubles; I tender the Senator 500 bales of cotton, and he says, "No; I want 1,000 bales of cotton. I have made my contracts based on that expectation, and I will be financially ruined unless I can get that amount of cotton at the price upon which we agreed." But I say, "Well, 500 bales of cotton will buy as much now as 1,000 would when we made the contract. I am delivering purchasing power." The Senator made his commitments and assumed his obligations, and he refuses to take the 500 bales of cotton.

I come to Congress and prevail upon Congress to pass a law providing that 250 pounds of cotton shall constitute a bale of cotton. The Constitution says Congress shall have power to "regulate the value" of money. It says, "fix the standard of weights and measures." So Congress passes the law, I deliver 250 pounds of cotton instead of 500 pounds as a bale to the Senator; he is compelled to take it; he can not fulfill his contract; he is forced into bankruptcy.

Some question was raised a while ago about wheat as a medium of exchange and standard of payment. The thought flashed into my mind that perhaps what we ought to do would be to pass a law providing that 30 pounds of wheat instead of 60 pounds of wheat shall constitute a bushel. Then we would double the number of bushels of wheat in the country and we would have twice as much wheat as we have now, and we could extinguish the grizzled specter of famine by legislation such as that.

Mr. President, to-day we wonder why people who have capital and money will not lend their money, why they hoard it, why the banks hoard money—and they are hoarding; why individuals hoard money—and they are hoarding it. We wonder why we hear on every hand, both at home and abroad, proposals which suggest the reduction or the repudiation of debts. We hear discussion of dividing the gold dollar, and yet wonder why people will not make loans. We wonder on the one hand why credit is refused, when on the other hand we are discussing the passage of laws which will make it impossible for creditors who have extended credit to collect their debts.

Mr. President, it is not strange in these circumstances that those having money are loath to lend it. The operation of economic laws can not be eluded. When they are violated, they exact a harsh penalty. We may make it impossible to collect a debt. We have the power to do so, but

we can not compel people who have money to lend it. That is why from every quarter of this country to-day groups are trooping to this Capital asking us to pass laws to extend them credit.

Why do these people come here? Because they can not borrow money from people who have money. Why can they not borrow money? Because those having money to lend are afraid to lend it for fear we will pass an insolvency law, or for fear we will make them settle for half of what they parted with. We can do that where it is not otherwise stipulated in the contract.

In regard to contracts that contain the gold clause, I do not believe Congress has the power, the constitutional power, to change a contract which provides for payment in gold dollars of standard weight and fineness, or silver dollars of standard weight and fineness, or any other specific commodity.

Congress has the undoubted right to enact insolvency legislation. Congress has the express constitutional power to enact bankruptcy legislation. It has exercised that power as many as four times in the past. It may be necessary now to liberalize those laws in behalf of distressed debtors. That is a question of policy, not of principle. We have that power.

Debts undoubtedly constitute the center of gravity of our existing troubles. These debts may represent the abuse rather than the use of credit. Under existing circumstances these debts must be paid twice or thrice over—"there is the rub." That is the pity of it; that is the tragedy of it. My concern is that in our well-meant efforts to relieve distress we should not deepen distress. We should not apply a remedy that would aggravate the disease. I am willing to join in the support of any measure, any constitutional measure which I believe will accomplish more of good than of evil. That is my only test.

But I believe that we must develop some other plan than changing the number of grains in a gold dollar in order to extricate ourselves from this economic morass. Personally I think we will have to trade our way out. What our people need is more and better markets, not more and heavier debts.

Mr. SHIPSTEAD. Mr. President, the address of the Senator from Oklahoma [Mr. GORE] reminded me of a very practical statement made by Lord Aldenham in 1894 in discussing this subject, speaking of Great Britain as the creditor state. What he said of Great Britain as a creditor state applies to the individual or the corporation who is a creditor in dealing with his debtor. He put the practical question in so few words, and so clearly, that I can do no better than repeat what he said. This is his statement:

We are the creditor state, and a great part of the balance of trade which comes to us is the interest on loans to foreign states. They pay us in cheap goods or dear gold. It is all one to us, but not to them. The prices of their commodities fall away, as we have seen. The cheaper the goods the more they must send. When they can send no more, they must send us gold for which they may have to pay. At last they can send no more, whether goods or gold, and they cease to pay at all. You have taken your debtor by the throat, but instead of getting his money you have stopped his breath! A poor result of appreciating gold (so far as that has been the cause) for the supposed benefit of those who were to receive dividends. Payment even in depreciated metal is better than no payment at all.

Mr. President, it is necessary to call the attention of the Senate and of the Congress and of the American people to the fact of the lack of means of payment, or lack of means with which to settle international balances of trade. It is not necessary here to repeat what has been repeated so often, the practical situation with which this country is confronted in an inability of debtors to pay in the appreciated price of gold.

We hear talk about the immorality of depreciating the dollar. We depreciated the dollar and debased the dollar in purchasing power every year from 1924 to 1929 by the inflation of credit.

Some one raised the question here this afternoon or made the statement that the production of gold had not kept pace with the growth of population. John Sherman said in 1873 that if the United States was to be able to continue to do business on a gold basis there would have to be an annual

increase in the production of gold amounting to \$50,000,000 a year. At that time the United States had a population of 70,000,000. Last year we produced \$51,000,000 of gold, and no one will deny that not only has our population increased, but our volume of business has increased and, what is more important in this connection, there is an overwhelming overproduction of evidences of debt payable in gold.

In 1925, when Great Britain and certain European countries returned to the gold standard, we started the world decline in the price level. We did not feel the full effect of it here until 1929, but the world's price level started to go down in 1925 when the various European countries decided to go back to the gold standard.

The reason for that was the overwhelming demand for gold, that these debts being decreed by governments to be paid in gold created a great demand developed for gold.

Jevons, the economist, in his *Investigations in Currency and Finance*, said:

It stands to reason, of course, that if several great nations suddenly decide that they will at all cost have gold currencies to be coined in the next few years, the annual production can not meet the demand, which must be mainly supplied, if at all, out of stock. The result would be a tendency to a fall in prices.

As the demand for gold is increased, the domestic price level has continued to decrease. England went off the gold standard in order to balance her budget, and in order to balance her budget she had to stop the price level from descending further, and, as a matter of fact, the domestic price level of Great Britain was stabilized, and Great Britain refused to follow the gold-standard countries in the continued descent of the price level.

Our price level has been going down ever since. Last-week reports showed a continual decrease in the price level, destroying values of commodities, destroying values of capital issues of bonds and stocks and mortgages. This decline in the price level has been going on in ratio and in inverse proportion to the appreciation of gold. As the conception of the people awakens to the fact that gold must be had in order to pay debts and as the overwhelming amount of debts forces itself upon the public conscience, the demand for gold increases. As the demand for gold increases and gold appreciates, commodity values decrease.

Some economists say we must let it take its natural course until it stops of its own momentum. But there is no natural course in finance. It is all artificial. The natural course of the snowslide, unless it is stopped, is the bottom of the valley, carrying everything before it. The descending price level has attacked all values here and all over the world and is continuing like an avalanche, wiping out values, paralyzing our credit system, stopping commerce. There are very grave reasons why our commerce has failed—because of the lack of a means of settlement. We will not take goods. Countries have not gold. They can not pay because they can not sell. There is no available medium of exchange. They may have goods we want. We may have goods they want. But there is no basis upon which to settle.

A government official in Germany in 1931, when I called his attention to the fact that Germany used to import \$800,000,000 worth of agricultural products every year and had that year placed a tariff on agricultural products, and when I asked how they could afford to do that and raise the price of food to their people, said, "We have no means of paying for that food. You will not take our goods. We can not get foreign exchange. We have no gold. We have no means of obtaining any means of settlement."

It has been said, and I think with some reason, that if silver were remonetized we would restore the purchasing power of the Orient and also our own. More than half the human race lives in the Orient. If that is true, and I believe it is true, it would raise the purchasing power of the Orient and it would revive trade. As trade is revived, more and more exchange or foreign exchange would be created. It would revive trade with Europe because the Orient would be able to buy. Europe therefore could sell to the Orient, creating a form of exchange. The greater the amount of international trade, the greater the amount of foreign exchange flowing in channels of world trade, and therefore they could

settle their balances here with oriental foreign exchange. That is one reason why I believe that if the United States would remonetize silver it would help to restore commerce, at least between the Orient and Europe and between the Orient and the United States.

Mr. KING. Mr. President—

The PRESIDING OFFICER (Mr. JOHNSON in the chair). Does the Senator from Minnesota yield to the Senator from Utah?

Mr. SHIPSTEAD. I yield.

Mr. KING. I suggest to the Senator, in the form of a question, if he is not becoming heterodox. We are being flagellated daily by demands to impose an embargo upon all imports to the United States. A hundred reasons are assigned for cutting off our trade with foreign nations. The Senator is advocating a policy by which he suggests we would be enriched if we should find export markets and receive in part payment for exports the commodities of some other countries. I am afraid he is running counter to this demand that we shall buy nothing excepting that which is produced in the United States.

Mr. SHIPSTEAD. I have seen the dire results of orthodox policies pursued here. We have pursued policies here for the last 15 years which have been guaranteed to be orthodox, and we see the results, the dire results, of those orthodox policies. Within the last two years we have been called upon to vote for orthodox policies to stop the depression. I have voted against every one of them, I think, because I did not consider that they would have any effect on the depression at all except to increase its intensity and postpone the final day of reckoning. So I have no apology to make. One is almost forced to the conclusion that to be considered economically sound a man has to be an idiot. When I view the wreckage of the works of those who claim to be orthodox I make no apology for my lack of orthodoxy. I have lost most of my respect for the apostles of what is called "economic soundness." They are wrecking the country.

Mr. WAGNER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from New York?

Mr. SHIPSTEAD. I yield.

Mr. WAGNER. I am asking for information, because that puzzles me somewhat. I understood the Senator to say that increasing the price of silver would increase the purchasing power of people like those of China who deal primarily in silver as a currency. As I understand it China imports her silver, so that if the price of silver is increased it means that she will have to pay a higher price for that particular commodity which she imports, and thus she will have to give more of her goods in return for that silver. If that is true, I am wondering how that could possibly benefit China?

Mr. SHIPSTEAD. China would send goods over here to buy silver. She buys silver here or wherever she can get it. It would increase the value of her money in proportion to the increase in the price of silver and therefore the value of her products.

Mr. WAGNER. But the point I am trying to make is that they would have to pay for that silver with their commodities, and as the price of silver increased they would have to give more of their commodities for the silver; so I can not see under those circumstances, if my premise is correct, how it would benefit that particular country.

Mr. SHIPSTEAD. If the price of silver in the Orient were raised, it would raise the cost of production. It would raise the price of goods in proportion to the price of silver. China would not have to send more goods. Her goods would have a greater value because based on the value of her money. I do not see how it would make her goods any cheaper. Her goods having had a greater value as the result of the increased value of her money and the rise in the cost of production of her goods, she would not have to give any more goods because the goods would have a greater value. She would have a sufficient medium of exchange in silver to do business. With a lack of exchange as in the price of gold, of course, commodities would come down for

lack of trade due to lack of a medium of exchange to facilitate trade.

Mr. WAGNER. It is difficult for me to understand how a country would be benefited by having to pay a higher price for a commodity which it imports.

Mr. SHIPSTEAD. I think she would have a higher price for everything and we would pay more for the goods she sends to us because our price level would be up. It would raise the price level in both countries.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Montana?

Mr. SHIPSTEAD. I yield.

Mr. WHEELER. May I say just a word in answer to the Senator from New York? In the first place, the Senator from New York is worrying about the Chinese. I am worrying about the people of the United States.

Mr. WAGNER. I simply inquired because the senior Senator from Minnesota asserted that the purchasing power of China would be increased thereby. It was to that suggestion that I addressed my inquiry.

Mr. WHEELER. The money the Chinese hold at the present time would be quintupled in its purchasing power in the world market. Consequently the Chinese, to the extent that they have silver, would have their purchasing power quintupled. Their labor cost would be increased because of the increased value or the increased price of production. At the present time, by reason of a depreciated currency in the gold countries, they can sell to us, but can not buy from us. That is true of every country on a similar basis.

Mr. WAGNER. Is it not true that as the price of currency increases, there is a drop in commodity prices?

Mr. WHEELER. No; because their currency increases in value.

Mr. WAGNER. When the gold dollar increases in value, it means commodity prices have dropped.

Mr. WHEELER. It means that the commodity prices in their own country go down, that is true, but the gold dollar to-day has a greater purchasing power in the world than any other dollar at all, and that is why we are on a basis where we can not sell to the rest of the world, but we can buy from them. If we raise the value of their money we quintuple the purchasing power of silver which they have. Consequently they will be able to buy more in the world market with the silver they have.

Mr. WAGNER. I do not think the Senator meant we are buying more than we are selling to other countries?

Mr. WHEELER. I am speaking about China and Japan.

Mr. WAGNER. Statistics show at the present time that the balance is in favor of the United States.

Mr. WHEELER. There is no doubt about that. I tried to point that out this morning when the Senator was absent. I said that is one reason why our gold is not leaving. I wanted to point out that China and Japan are to-day shipping in a quantity of goods over our tariff walls, as has been pointed out by Mr. Blythe in the Saturday Evening Post, by President Hoover, and by many others. What I propose to do is to bring up the price of production of our competitors by raising the price of their money. By doing that we bring up the world commodity prices and the prices of commodities in this country. That has been the history of silver throughout the years.

Mr. WAGNER. I do not want to be misunderstood as maintaining that increasing the price of silver would not have a beneficial effect, but the Senator from Minnesota cited the particular instance of China, and in that particular case I did not think the general rule applied because of the fact that China is required to import her silver and does not produce it.

Mr. SHIPSTEAD. Mr. President, the Senator will bear in mind that it was stated that China would dump her silver here and would get rid of it. I do not think she would.

Mr. President, I want to say a few words on the bill, in view of the fact that it has been said on the floor that unless this measure should pass with the branch banking privilege

incorporated in it several hundred banks in the United States would close. That statement has left the implication that those of us who voted against the branch banking privilege naturally would be responsible for the closing of those banks in case the bill should fail to become law.

It has been said that if the bill with the branch banking feature should be enacted into law, it would prevent the closing of banks, for if the "strong" banks could have branches they would take over the weaker banks and the small banks, leaving the implication that the small banks are the banks that have been badly managed and are the ones that are in trouble.

When those holding that view are asked whether the strong banks will take over all the weaker and smaller banks they become very indefinite. When they are asked whether or not it is intended to take over a few and to let the remainder go they are also very indefinite. I have not been able to get anyone to assure me if the bill should pass containing the branch banking privilege that the so-called "strong" banks would take over the so-called weaker banks that we are called upon to save. It leaves the implication that it is only the small banks that have been in trouble; but the record of the loans made by the Reconstruction Finance Corporation which was inserted in the Record a short time ago by the Senator from Nebraska [Mr. NORRIS] shows that there has been more money loaned by the Reconstruction Finance Corporation to the strong or large banks than has been loaned to small banks, indicating that the large banks have been having greater difficulty than have the small banks.

The record also shows that there has been more money lost to depositors in the United States by branch-bank systems closing than there has been lost to depositors by unit banks closing. Therefore, so far as we have been presented with the record, there is nothing here to show that if this bill containing the branch banking privilege should become a law, or had previously become a law, we would have had any guaranty that the so-called strong banks or the larger banks would take over all the other banks which are said to be in trouble. We have too great respect for big things. We seem to think because a bank is big it is therefore strong and safe. There is no justification for this.

It has been said on the floor by the author of the bill that the reason banks are in trouble is because their securities have depreciated in value; that the general descending price level of the country has affected the securities in the portfolios of the banks. From the best information we can get, I believe that to be true.

We find also that the securities that have depreciated in value are usually bonds of one kind or another, or, in other words, long-term paper.

Mr. LONG. Mr. President, will the Senator from Minnesota yield to me?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Louisiana?

Mr. LONG. I want to suggest the absence of a quorum.

Mr. SHIPSTEAD. I do not want to impose upon the Senate.

Mr. LONG. I should like to ask for a quorum, if the Senator will permit.

Mr. SHIPSTEAD. I yield for that purpose.

Mr. LONG. I suggest the absence of a quorum.

Mr. GLASS. Mr. President, has any business been transacted since we had the last quorum call?

Mr. LONG. Plenty.

Mr. GLASS. I am asking the question of the Presiding Officer.

Mr. LONG. We have received a message from the President of the United States.

Mr. GLASS. I am addressing my remarks to the Presiding Officer. I am asking the question of the Presiding Officer.

The PRESIDING OFFICER. The Chair will request the clerk to advise him. [A pause.] The clerk responds that there has been business transacted. The absence of a quorum has been suggested, and the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	King	Sheppard
Austin	Davis	La Follette	Shipstead
Bailey	Dickinson	Lewis	Shortridge
Bankhead	Dill	Logan	Smith
Barbour	Fess	Long	Smoot
Barkley	Fletcher	McGill	Steiwer
Bingham	Frazier	McKellar	Stephens
Black	George	McNary	Swanson
Blaine	Glass	Metcalf	Thomas, Idaho
Borah	Goldsborough	Moses	Thomas, Okla.
Bratton	Gore	Neely	Townsend
Brookhart	Grammer	Norbeck	Trammell
Bulkley	Hale	Norris	Tydings
Bulow	Harrison	Nye	Vandenberg
Byrnes	Hastings	Oddie	Wagner
Capper	Hatfield	Patterson	Walcott
Caraway	Hayden	Pittman	Walsh, Mass.
Carey	Hebert	Reed	Walsh, Mont.
Connally	Howell	Reynolds	Watson
Coolidge	Hull	Robinson, Ark.	Wheeler
Copeland	Johnson	Robinson, Ind.	White
Costigan	Kean	Russell	
Couzens	Kendrick	Schall	
Cutting	Keyes	Schuyler	

The VICE PRESIDENT. Ninety-three Senators have answered to their names. A quorum is present.

Mr. SHIPSTEAD. Mr. President, at the time I was interrupted I was calling the attention of the Senate to the fact that the portfolios of the banks are decreasing in value because they contain bonds that are responding to the general descent of the price level. That is what has been closing the banks.

It has been said in the debate that if we had branch banking we would have had no closure of banks. Does anyone mean to say that if we give the privilege to the national banks of operating branches that will raise the value of the bonds in their bond pouches? When we look into the pouches of the banks of the United States we find securities which we do not find in the portfolios of the banks of Canada.

In the CONGRESSIONAL RECORD of January 12, on pages 1654 and 1655, there is printed a consolidated statement of the banks of Canada. From that statement it can be seen why the banks of Canada have had no failures during the depression. When one peruses the statement he does not need any argument to convince him as to why there have been no bank failures in Canada during the depression. It has been said there have been no failures in Canada because the branch-bank system is in operation there; but Senators forget that Canada has had branch banks for a great many years and that many years ago there were tremendous bank failures in Canada. They made their mistake; they learned a terrible lesson; and they paid the price. If the portfolios of the banks of the United States contained such securities as are shown to be contained in the portfolios of the banks of Canada, we would not be here talking about a bank reform bill.

We find that the only investments the banks of Canada hold are securities of the Canadian National Government, the securities of the provincial governments of Canada, and of the municipalities of Canada. Those are securities behind which is the taxing power of the Canadian National Government and of the Provinces and municipalities of Canada.

Canada, again, did not employ her credit system as we did through our banks from 1924 to 1929. The loans were made on a more conservative basis. In this statement you will find no record of holding-company bonds, of public-utility bonds, or of railroad bonds, with one exception. Less than 2 per cent of the total assets are invested in railway and other bonds, debentures, and stocks. I think we have a right to assume that the railroad debentures and bonds are the bonds of the National Canadian Railways, again guaranteed by the Government; and the total amount of that pouch containing those railroad bonds and debentures represents less than 2 per cent of the assets of the banks of Canada, and obligations of Canadian National Railways are guaranteed by the Government. More than one-half of their deposits are in loans and discounts; and, viewing their conservative investments, we have a right to as-

sume that the loans and discounts are as conservatively covered by collateral as are their investments.

There is another pouch in which they have call loans and not exceeding 30-days loan in Canada on stocks, debentures, bonds, and other securities of a sufficient marketable value to cover in case of sale in the market, loaning money on collateral, making the borrower carry the risk, and not taking short-term funds as our banks are, and tying them up in long-term loans, except on government securities.

Evidently the bankers of Canada know the difference between short-term loans and long-term loans; and a man who does not know the difference between the two, and who does not know enough to know that they should not be mixed together, has no business to be in a bank.

There is a principle involved here that is a fundamental of banking, and that is that bank funds are short-term funds, and it is dangerous to invest short-term funds in long-term loans. The long-term loans come within an entirely different sphere of finance. When a bank loans money on collateral, making the borrower put up collateral with plenty of margin for safety, the bank runs no risk. The borrower carries the risk.

If, for instance, I loan my neighbor \$50 for 30 days and he loans that money on an automobile for three years, how can he pay me back my \$50 at the time it is due?

To illustrate: New York bankers shipped \$800,000,000 of short-term loans to Europe, to England, and to the Continent. England shipped short-term loans to the Continent, some of their own and some that they had gotten from the United States. The Continent converted them into long-term paper, and when they could not remit when due the crash came. They could not pay back at the time when they were due. They could not liquidate long-term paper in order to pay the call money or the short-term paper. Then we had the moratorium, costing the American taxpayers \$250,000,000, because short-term funds had been converted into long-term credits.

That is the secret of Canada's lack of bank failures. They know the difference between short and long term loans.

England has the same policy. Several British bankers told me that British banks did not buy securities. They said, "We are in the banking business. We loan money on collateral." They said, "We let the borrower take the risk. We do not buy investments on which we loan money, because we think it unethical for a banker to loan money on a security in which he is personally financially interested." That explains the lack of bank failures in Canada—not because they have branch banks, but because they have bankers who know they handle other people's money for safety not speculation.

Germany had a branch banking system, and has it now; and out of the 10 systems of branch banking in Germany, every one of them except one has been taken over by the Government through the Reichsbank of Germany, operating the branch banks of Germany, because in Germany the bankers did not know the difference, or acted as though they did not, between short and long term loans, and they mixed the two.

France has had no depression; but out of her four systems of branch banking, one is now carried by the other three; and when you see the difference in the banking practices of Germany and of England, both having had the depression, you know why England has not had any bank failures, and you know why Germany did, and why the United States did.

If the Banking and Currency Committee had put in a provision here that national banks should not be permitted to tie up short-term funds in long-term credits, I think they would have rendered a service to the national banks.

I very well remember when this provision, branch-bank provision, came in as a rider upon the so-called McFadden banking bill. At that time we had bankers coming here lobbying to liberalize the banking laws. They said, "We must be given permission to liberalize our business so that

we can compete with State banks," and I had the temerity to say to them, "You are competing too severely with State banks now." They wanted the law to permit them to loan their short-term funds on long-time real-estate mortgages, and they got that permission. I have seen some of them now. They wish they had not been permitted by Congress to make loans on long-term real-estate paper with short-term funds of their depositors. You can not make bankers by law.

The branch banking bill or feature came in here then, as it does now, with the same argument, that it would prevent bank failures. We were told, "They have no bank failures in Canada because they have branch banks. They have no bank failures in England because they have branch banks." The lack of failure of banks in Canada and Great Britain is not due to branch banking. It is due to good banking.

Mr. LONG. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Louisiana?

Mr. SHIPSTEAD. I yield.

Mr. LONG. I do not know just what the Senator means by good banking; but the statistics show that since they have started the Canadian system some 26 chain-bank systems have closed down, and that there are only around 11 chain-bank systems there now.

They further show that there has been a 30 per cent loss in bank deposits in Canada as against an 11 per cent loss in bank deposits in the United States.

They further show that there is no such thing as a bank in Canada to lend money for the ordinary agricultural, industrial, or commercial business, as they do in the United States.

They further show that Canada, with resources equal to those of America, has been kept and remains practically an undeveloped country; and I do not think that shows very good banking for Canada.

The VICE PRESIDENT. The time of the Senator from Minnesota on the amendment has expired.

Mr. LONG. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. Has not the Senator another hour on the bill?

Mr. SHIPSTEAD. I am talking on the bill.

The VICE PRESIDENT. The Senator has an hour on the bill. He has used 30 minutes.

Mr. SHIPSTEAD. I have an hour on the bill. I am talking on the bill now.

Mr. LONG. A parliamentary inquiry: Has not the Senator another hour now on the bill, if he wishes it, in addition to what he has used?

The VICE PRESIDENT. The Senator took 30 minutes on the amendment. He has an hour on the bill.

(At this point Mr. SHIPSTEAD yielded for the consideration of a conference report which appears at the conclusion of his speech.)

Mr. SHIPSTEAD. Mr. President, just as I was interrupted, the Senator from Louisiana asked a question about the banks of Canada. He said that they had not loaned money to the farmers and business men as had been done by the banks of the United States. I am of the opinion that the business men and farmers of the United States would be far better off if they had not been able to borrow quite so much money during our period of inflation of credit. That is creating debts in a cheap dollar to be paid in a dear dollar. I do not consider that that was good banking at all. It was not even good citizenship, and has a great deal to do with the terrible condition in which we now find ourselves.

When I said I thought Canada had good bankers, I meant that they were able to take other people's money and invest it safely in loans so that they could get the money back and pay the people when the people from whom they borrowed it in a form of deposits had it coming to them and demanded it.

Answering the Senator's question as to what I call a good banker, I would say that, in my opinion, a good banker is a man who first remembers he is handling other people's money, conserves and protects, first of all, the money of the depositors by prudent investments, or prudent loans on collateral. He will, as a result, do business on very little profit and with practically no loss. That is what I call a good banker.

I do not call it good banking to do what was practiced here for a period of six or seven years—buying printing presses, running them night and day printing evidences of debt in the form of notes and mortgages and bonds and stocks, and peddling them out to the little banks, which were so gullible that they thought the big banks could do no wrong because they were big, loading up the gullible investors with these pieces of paper, with green fringe and gold stars on them, which can be made for less than a cent apiece, getting \$100 for them if they were called stock, and if they added another cipher and called them bonds got a thousand dollars for them. I do not call that banking in the legitimate sense of banking, certainly not commercial banking. That is a form of piracy, but considered orthodox.

The idea was fostered here that we could not only finance commerce and business but run all the printing presses of the United States, and that was not the only idea that prevailed. Our bankers had the idea that the Federal reserve system and the banks of the United States could be used to finance the entire world, and our banking system was made the foundation for carrying the credit and the debts of the world for banking purposes, and we have to pay the price for that, too.

Mr. President, I wanted to make these remarks, in view of the fact that the principal difference between bank legislation and bankers had not, in my opinion, been properly brought out in the discussion, that this bill was to be used as a vehicle, undoubtedly upon the advice and counsel of people who knew just exactly what they wanted, and to carry through things which could not be based upon any sound principle of banking. Nor is there any sign or any evidence that it would stop bank failures; and I wanted to explain why there is a lack of failure of banks in Canada and England and not here in order to brush away a lot of misrepresentation of facts previously presented here.

Mr. President, I think there are two things in this bill which are meritorious. I am sorry to see those things mixed up with some of the other things in the bill. I believe that liquidation of closed banks is a commendable thing. I believe that divorcing investment affiliates from commercial banks is a commendable thing to do. They ought to be divorced. They should never have been allowed to unite. However, that part of the bill can not be said to be an emergency measure. They have unloaded upon the banks all the bonds and stocks they are going to be able to unload upon them for several years to come. The damage is done. That part of the banking bill can be passed at any time. We can always lock the door after the horse is stolen. It does not make much difference whether we do it to-day or to-morrow. The main thing is to get the horse back, and we are not going to get it back in that way.

Mr. President, I am sure the Committee on Banking and Currency brought this bill in with all of its contents in good faith, and whatever I have said about certain provisions of the bill I do not intend as any personal reflection upon the committee or upon any member of the committee. I hope, nevertheless, we may look forward to the time when we shall be through with these fetish remedies that serve merely to intensify our evil policies and their dire consequences.

During the delivery of Mr. SHIPSTEAD's speech—

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 5160) to provide for loans to farm-

ers for crop production and harvesting during the year 1933, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8750) relative to restrictions applicable to Indians of the Five Civilized Tribes of Oklahoma.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 3675) relating to the deferment and adjustment of construction charges for the years 1931 and 1932 on Indian irrigation projects, and it was signed by the Vice President.

CROP PRODUCTION AND HARVESTING LOANS—CONFERENCE REPORT

Mr. SMITH. Mr. President—

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from South Carolina.

Mr. SHIPSTEAD. I yield if I do not lose the floor. I do not want to lose the floor. If the measure which the Senator from South Carolina desires to present will lead to discussion, I should prefer not to yield.

Mr. SMITH. As I understand, the consideration of a privileged matter, such as a conference report, does not cause a Senator to lose the floor.

The VICE PRESIDENT. The Senator would not lose the floor if he yielded to permit the Senate to take up a conference report.

Mr. SHIPSTEAD. I will yield for that purpose if it does not lead to too extended debate.

The VICE PRESIDENT. The Chair lays before the Senate a conference report, which will be read.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 5160) to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same with the following amendments: On page 2 of the House engrossed amendment, line 3, strike out "cultivation and harvesting" and insert "and cultivation, and in drought and storm stricken areas not to exceed \$1,000,000 for feed for farm livestock"; on page 2, line 5, of said engrossed amendment strike out "\$75,000,000" and insert "\$90,000,000"; on page 3, line 2, of said engrossed amendment strike out the words "and harvesting"; on page 3, line 3, after the word "crops" and the comma, insert "and feed for farm livestock"; and the House agree to the same.

CHAS. L. McNARY,
LYNN J. FRAZIER,
E. D. SMITH,

Managers on the part of the Senate.

MARVIN JONES,
H. P. FULMER,
W. W. LARSEN,
GILBERT N. HAUGEN,
FRED S. PURNELL,

Managers on the part of the House.

Mr. SMITH. I ask for the adoption of the conference report.

Mr. KING. Mr. President, I should like to ask the Senator from South Carolina to make a little explanation; and I do it in view of the fact that I have been told that with respect to one of the bills that we passed some time ago, providing for seed loans, some 1,600 or 1,700 employees were put into positions by the Agricultural Department, and that an enormous number of persons were employed in the various States for the administration of the act. I am told that with respect to a bill which was passed—and I presume this is the one—it is contemplated that a large number

of lawyers will be employed in every county, and perhaps 3,000 to 5,000 employees, for the purpose of administering it.

I should like to ask the Senator if he has made any investigation as to the machinery to be used in the execution of the law, and whether it would not be possible to utilize some of the organizations which now exist under the Reconstruction Finance Corporation act for the purpose of carrying out the provisions of the measure that is now before the Senate.

Mr. SMITH. Mr. President, under the terms of the House bill, substituting some features for the Senate bill which has been reported, there is no doubt but that during the last administration—we have had, up to this time, five loans of this character—during the last administration there were no doubt more employees than would have been justified, in my opinion, on account of certain political conditions.

This fund has been wonderfully economically administered up until this last year. I do not know of any lawyers who have been employed for the purpose of aiding the administration of this law. I do know that this measure would afford the only real aid which the tenant farmer, the one-horse farmer, has gotten since I have been a Member of the Senate. In every other effort on the part of Congress to aid the man in the field, we have had too many cream separators between the appropriation and the man who was ultimately to receive the benefit. This would give direct aid. The percentage of these bankrupt and distressed individuals who have made repayment to the Government is marvelous.

Mr. President, in answer to the query propounded by the Senator from Utah, I will say that I do hope that in the administration of the fund to be provided the greatest economy possible will be exercised, in order that the suffering individuals may get the maximum assistance this bill would render. From every State in the Union has come the request for this, the most efficient and direct aid the real dirt farmer, the one in the field, could receive. I hope the report will be agreed to.

Mr. KING. Mr. President, the Senator did not quite answer my question, or at least the last question I propounded, as to whether this fund might not be administered by some of the organizations which are now set up under the Reconstruction Finance Corporation; for instance, the regional credit organizations.

Mr. SMITH. Mr. President, in answer to that, I will say to the Senator that they themselves have not set up yet, and under the terms of the law need not set up, any administrative agencies in the field, for the reason that the requirements as to collateral under the terms of the law have made it impossible for them to function. I understand that practically no contracts have been let, because there are required, as a precedent to a loan, securities outside of the products of the farm and in possession of the farmer to such an extent that no one can qualify. The same administrative forces will be used in the administration of this measure that were used, not last year but in the preceding years, and I do not think there will be any duplication whatever between the so-called regional credit banks and the agencies administering this fund, for the reason that the regional credit banks can only deal with those who have sufficient collateral outside of the farms to qualify.

Mr. KING. One other question: Will the same individuals who are now representing the Department of Agriculture in handling the seed loans be employed to administer the funds under this measure?

Mr. SMITH. I do not think the Senator, knowing as well as I do the imminent change of administration, expects an answer to that question. I do not think it is necessary.

Mr. KING. I was wondering whether or not, during the intervening time before the termination of the present administration and the coming in of the next administration, there would not be remarkable zeal manifested by the Secretary of Agriculture to maintain and to endow with the power those in authority now in this organization?

Mr. SMITH. I think not, Mr. President. The time is too short; and, really, I think the present administration, after

the smoke of battle has cleared away, will be inclined to be as patriotic, perhaps, in the administration of the law as they would be under normal conditions, because last year, as the Senator knows, was a rather abnormal year, and men will use any kind of machinery they possibly can to help themselves in the midst of a very distressing condition.

Mr. KING. I would like to say, Mr. President, in conclusion that, as far as I am concerned, I would be entirely willing that the present administration should proceed to set up the necessary machinery, if there were any assurance that it would set up machinery that would be effective and fair and just, but we all know that during the past years political organizations have been set up for the purpose of administering the funds provided.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

After the conclusion of Mr. SHIPSTEAD'S speech—

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

BANKING ACT

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

Mr. GLASS. Mr. President, I have no disposition to discuss the pending amendment. I would like to develop, however, whether there are others who want to discuss it, because we have wasted five hours to-day in discussing problems which have not the remotest relationship to the pending banking bill, directly or indirectly.

I want to say, while I am on my feet, however, that if views presented here to-day are to prevail, this country is nearing the brink of absolute wreckage, without any question of doubt. If it be admitted for a moment that private contracts, of which there are millions upon millions now in existence, may be abrogated by a law of Congress, or if, indirectly, the creditors involved in these contracts may have their property confiscated by means of taxation, that would simply abrogate contractual relations in this country and there would be no more of them.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. GLASS. No; I am going to occupy a very few minutes. I am not going to discuss the merits of the proposed amendments.

Mr. WHEELER. I just wanted to direct attention to the fact that the Senator made a statement with reference to the fact that there was nothing in the remonetization of silver that had any connection with the pending bill.

Mr. GLASS. No; I said the views expressed on the floor here to-day. I had not heard the Senator from Montana express any such views. An astonishing differentiation was sought to be made between the moral obligation of the Government of the United States and the moral obligations of the citizens. It was held that perhaps the Government would have to pay its obligations, already contracted, in the dollar of existing gold content, but even that was regarded as doubtful, or at least the view was expressed that it was within the province of Congress to determine that that should not be done.

If such views are to obtain, if there is any approach to that view by the Congress of the United States, may God have mercy upon the Secretary of the Treasury of the United States when he shall be compelled, in a few months from now, to refund \$11,000,000,000 of Government obligations. I should like to be told where he might expect to find his clients. What bank or individual investor of average intelligence would agree to buy a bond of the United States in such circumstances?

Moreover, Mr. President, it seems to have been forgotten that this Government now has outstanding in excess of

\$20,000,000,000 of its obligations made in reliance upon the sanctity of contract. There are millions upon millions of citizens owning these obligations. While too many of them are in the banks' portfolios, in my view, billions of dollars of them are held by individual citizens and by estates representing the earnings and the livelihood, the very subsistence, of widows and orphans and other people of moderate means. If it may be held that the Congress of the United States has it within its jurisdiction and power to repudiate, practically, such obligations, then we are indeed in desperate straits.

Arbitrarily reduce the contents of the gold dollar? Very well. What is the moral difference between a 30 per cent and a 50 per cent repudiation in an obligation that has been incurred? Why shall we make it 16 grains of gold? Why not make it 6? Why not go the whole length and authorize the repudiation of these obligations by the debtor class of the country? Why not follow the example of Germany and start the printing presses without cease and then repudiate our own currency and let it be used for wall paper and for less desirable but necessary purposes? [Laughter.]

It has been to me a most astonishing and alarming discussion. But, Mr. President, I do not intend to be a party to prolongation of the debate upon measures that have no reference whatsoever to anything in the bank bill.

I ask the attention of the Senator from Montana [Mr. WHEELER] and the Senator from Louisiana [Mr. LONG]. Unless there may be now within a reasonable time a termination of the debate upon problems that have no reference to the bill, I shall feel compelled to move to lay the pending proposition upon the table so as to terminate debate. We have now expended five hours and eight minutes in the discussion.

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Louisiana?

Mr. GLASS. I yield.

Mr. LONG. I have desisted from even discussing my own amendment.

Mr. GLASS. Yes; I think the Senator has.

Mr. LONG. I hope the Senator will not deprive me of a few restricted remarks.

Mr. GLASS. Oh, no; I would not think of depriving the Senator of a few observations. [Laughter.]

Mr. JOHNSON. Mr. President, I understood the Senator from Virginia to say he was going to make a motion to lay on the table?

Mr. GLASS. Not now.

Mr. JOHNSON. I wanted him to yield to me five minutes for an extraneous matter.

Mr. GLASS. I will yield to the Senator much more than five minutes in the moment that I shall further consume.

Mr. President, I ask unanimous consent to insert in the RECORD as a part of my remarks, not meaning thereby that I agree with all the views expressed, an article by the Secretary of the Treasury, Mr. Ogden Mills, on this very problem.

The VICE PRESIDENT. Is there objection?

Mr. FESS. Mr. President, may I say to the Senator from Virginia that the article was inserted in the RECORD this morning.

Mr. GLASS. I am told the article was inserted in the RECORD to-day, and therefore I withdraw my request.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. GLASS. Certainly.

Mr. LONG. I understood the Senator wanted to offer the remarks of Ogden Mills for the RECORD?

Mr. GLASS. I wanted to have them printed in the RECORD, but I am told they have been printed in the RECORD to-day, and therefore I withdrew my request.

Mr. WHEELER. Mr. President, does the Senator coincide with the remarks of Ogden Mills about inflation?

Mr. GLASS. I stated distinctly that I would not care to have it thought that I coincide in all the conclusions of Mr.

Mills, but I think it an exceptionally thoughtful and temperate presentation of the various aspects of the problem of inflation.

Mr. WHEELER. Let me say to the Senator that we have just had an election, and the election returns show that the people want no more of Mr. Ogden Mills in the United States Treasury.

Mr. GLASS. Yes; and we just had declarations by two party platforms that we do not want free silver except by international agreement, and yet the matter has been precipitated here upon a bill to which it has no relation whatsoever.

Mr. WHEELER. Yes; and the Senator himself was in one national convention, where he signed a report in favor of independent bimetalism for this country—in 1896, if I recall correctly.

Mr. GLASS. Oh, my heavens! [Laughter.] I would not like to detain the Senate by telling it how often I have changed my mind for the last 40 years, and always in the right direction! [Laughter.]

TRIBUTE TO TRIUMPH OF SENATOR GEORGE W. NORRIS

Mr. JOHNSON. Mr. President, with apology to the Senate and apology to the Senator from Virginia [Mr. GLASS], I rise for an instant to felicitate the Senator from Nebraska [Mr. NORRIS] upon two accomplishments such as during our legislative careers we have seldom witnessed.

Mr. President, in December, 1924, engaged in the controversy over Muscle Shoals with the distinguished Senator from Alabama, Mr. Underwood, who was then the Democratic leader, I gave utterance to certain words concerning the dreams of the Senator from Nebraska. Those dreams have during my lifetime and his now come true. Those dreams, sir, of the Senator from Nebraska, at this late day in his life and in that of some of the rest of us, having been consummated and realized, I recur, with the permission of the Senate, to the words I used in December, 1924, and I read them upon the occasion now of congratulating him and felicitating him upon the wonderful accomplishments that have been his legislatively and otherwise in this body and in this Nation.

Then, sir, in replying to the Senator from Alabama, Mr. Underwood, I said:

I heard the Senator from Alabama say the other day that the Senator from Nebraska was dreaming dreams. Maybe he is right. Perhaps the Senator from Nebraska, in what he asks, is dreaming dreams; but since man emancipated himself, Mr. President, men have been dreaming dreams for man and mankind, and it is the dreaming of these dreams that has marked the mileposts in human progress during all the centuries past.

I can recall historically that Galileo dreamed dreams. He dreamed his dreams, and, though compelled to recant under the threat of torture, his frightened lips yet told the immutable and the unchangeable truth.

Newton dreamed a dream as he lay upon the ground and saw an apple fall. He dreamed a dream that now we all understand.

Columbus dreamed a dream of another world far beyond the oceans that then were known—a dream at which every court scoffed and every courtier laughed. We are here to-day because Columbus dreamed that dream.

The men who landed at Plymouth Rock and those who came to Jamestown dreamed a dream of a new empire and a great, new nation. That dream we of this generation realize in part.

Garrison and Wendell Phillips dreamed a dream—a dream that resulted in one of them being mobbed in New York and another chased by a populace in Boston. Just think of it! But Lincoln brought the realization of that dream.

Roosevelt dreamed a dream of the Panama Canal. To-day it is the greatest engineering feat in all the world.

The Senator from Michigan [Mr. COUZENS] dreamed a dream in the city of Detroit—of Detroit public ownership there. To-day that public ownership exists profitably for the city of Detroit.

Down in the city of Los Angeles a self-educated engineer named Mulholland dreamed a dream that water might be brought for domestic purposes 250 miles, over gorges and canyons and impassable mountains. First he was laughed at. That dream to-day is a realization, and Los Angeles draws its great water supply from the Owens Valley, 250 miles distant.

Some men in the city of San Francisco years ago dreamed a dream when the city was in the grip of a street railroad that wrought its own will as it pleased. They dreamed a dream that San Francisco might operate a municipal road. To-day San Francisco operates that road, operates it on a 5-cent fare, and the municipal road there, in opposition to that privately owned, is operated successfully, prosperously, advantageously.

So it has been, Mr. President, with dreams of real men during all the years. Dream on, you Senator from Nebraska, for your dreams mean but one thing. Your dreams, sir, mean that humanity may benefit, people may prosper, and human beings may be a bit happier.

So the dream of the Senator from Nebraska I can appreciate. I trust he will continue iterating and reiterating. I regret the note of discouragement that I observed the other day in his remarks. Oh, be not discouraged, sir! Never mind the temporary defeat or the temporary disaster. Never mind what ephemeral catastrophe there may seem to be, for dreams such as are yours ultimately will prevail, for the truth prevails. Sometimes it is as dangerous to preach the truth as to enter a powder magazine with a lighted torch, but, nevertheless, truth yet exists; and all history has taught us, all people's governments have taught us, that whatever may be the check, whatever may be the defeat, whatever the haltings, the heartburnings, and the disappointments, they are but ephemeral, and ultimately, finally, the truth will prevail. (CONGRESSIONAL RECORD, Senate proceedings, December 19, 1924, 68th Cong., 2d sess., vol. 66, pt. 1, p. 816.)

To the Senator from Nebraska in this day of the consummation of his dream of his constitutional amendment, for which year after year and day after day, against insuperable obstacles, he fought, which now by all the requisite States of the Union has been ratified, I extend not only my felicitations and congratulations but I believe as well the felicitations and congratulations of this whole body and, better than all, those of the American people.

Then, Muscle Shoals—it was concerning that I talked December, 1924—there is the dawn of a new day. There is the dawn of a new era in dealing with the Government's money, and the people's money, wrung from them by taxation, at Muscle Shoals; there is the dawn of a new day for the long effort and brave struggle put forth in respect to that particular project by the Senator from Nebraska.

Two of his marvelous dreams thus have come true. Dream on, my friend! Your dreams are ours, and your dreams mean the benefit of the American people and by them countless thousands are rendered happier.

BANKING ACT

The Senate resumed consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

Mr. REED. Mr. President, I hesitate to add any word of mine to the discussion of the pending bank bill because I do not want to seem to be one who has prolonged its discussion or postponed its disposition, but I can not refrain from putting into the RECORD my feelings about the pending amendment and my feelings about the discussion that took place here this morning respecting a change in the value of our currency.

First, as to the pending amendment for the remonetization of silver at the ratio, as I recall, of 16 to 1. As I regard it, that is nothing more nor less than an attempt by the United States Government to peg the price of silver as against the entire world. Silver to-day is worth something less than 25 cents an ounce. If it shall be made available for free coinage, at the rate of 16 to 1, it will acquire an artificial pegged value of five times its present market value or something slightly more than \$1.25 an ounce.

Obviously the surplus silver of the entire world will be sold to us as quickly as it can be brought to America, unless we, by putting a duty of about 400 per cent on its present-day value, establish thereby an embargo to prevent its being brought in, with the paradoxical result that we make a metal the basis of our coinage with one hand and forbid its free movement in international commerce with the other. Obviously if silver is a sound standard for currency in connection with the gold standard, it ought to be just as free of movement from one country to another as should be gold.

I am told, Mr. President, that there are about 250,000,000 ounces of surplus silver in the world to-day. Immediately we would be called upon to buy all that silver. I am not stating that figure of my own knowledge, because I have no personal knowledge of the amount; but I do know, I have

been so told by people whose information is better than my own, that in India alone there is such a store of surplus silver that we would be compelled to pay to them hundreds of millions of dollars, at this dollar and a quarter rate, for that silver which they would immediately send to us.

How in the world the depression in America can be remedied, how in the world the distress in America can be relieved, how the unemployed in America can be aided by our buying from Asiatic countries millions of ounces of silver that we do not need, I am utterly incapable of understanding. To try to peg the price of silver at \$1.25, which is what this amendment would do, would be just as ineffective in helping any other industry than that of silver mining as was the attempt to peg the price of wheat, which failed so miserably, or to peg the price of cotton, which failed so miserably. We would give a great bonus to the miners of silver, and naturally their industry would prosper out of all proportion to the rest of American business; we would be giving a great cash bonus to India, and perhaps to China, and we would be relieving Great Britain from an embarrassing contract under which she is working, requiring her to buy some 80,000,000 ounces of silver from India each year. They would be relieved, but how the rest of the United States would be advantaged by it is beyond my comprehension. Enough, then, for my reason for voting against this amendment. I never supposed, after 1896, that the Senate of the United States would again have to vote on the free coinage of silver again, but I hope we will do it; and I trust that we will show such a preponderance of opposition to the amendment that the proposition will not be worth while reviving.

Mr. KING. Mr. President, will the Senator yield?

Mr. REED. Yes.

Mr. KING. Does the Senator mean by any observations he has made to repudiate the views which were expressed so often by President McKinley and other distinguished Republicans, including Mr. Blaine, and which found expression in Republican platforms, in favor of remonetizing silver internationally at the ratio then existing and the maintenance of a parity between silver and gold?

Mr. REED. That is something totally different.

Mr. KING. I was wondering whether the Senator's animadversion was directed against the use of silver for primary money or rather was directed against the suggestion that the United States go it alone?

Mr. REED. My opposition is based on the idea that the United States should go it alone. Whether some sort of bimetalism can be arranged by international agreement is a totally different matter.

Mr. KING. The Senator does not contend, if I may be pardoned for interrupting him further—

Mr. REED. Certainly.

Mr. KING. That the gold standard has proven satisfactory, and that, with the limited quantity of gold, there being to-day about 11,000,000,000 ounces for monetary purposes in all the world, there is an adequate base upon which to rest the credits and currencies of the world?

Mr. REED. I do not want to get into that subject at all; that would carry me too far afield and use up too much time; and I am still mindful of the fact that we ought to get a vote on this amendment and get it quickly. But I must say one word—

Mr. WHEELER. Mr. President, will the Senator yield for a question?

Mr. REED. Yes.

Mr. WHEELER. I understood the Senator to say to the Senator from Utah that he thought an international agreement fixing the price of silver or remonetizing silver at \$1.25, or some such figure, would raise commodity prices. Did I understand the Senator correctly?

Mr. REED. Is the Senator addressing the question to the Senator from Utah?

Mr. WHEELER. No; I am addressing my question to the Senator from Pennsylvania.

Mr. REED. I do not want to get into the question of an international agreement. No such thing is proposed here.

We are not voting on a proposal to bring about an international agreement; we are voting on a proposal that the United States, all by itself, shall be made the dumping ground of the world's surplus silver and shall try to peg the price for the benefit of that industry at a figure five times its market value to-day. I say it is preposterous, and I expect to vote against it for that reason.

Mr. WHEELER. If the Senator will pardon a further interruption, let me say to him that, with all due deference to his statement with regard to it, it is perfectly apparent that the Senator has not given the subject very serious consideration, or he would never permit himself to make a statement of that kind on the floor of the Senate.

Mr. REED. Perhaps not. I can only use the brains that the Lord gave me, and if they are of a poor quality it is not my fault.

Now, Mr. President, I wish to say a word about these proposals for inflation. It is a subject on which one could talk for a long time. Obviously there are two kinds of inflation. First, there is the printing-press method, Congress authorizing an indefinite issue of that kind of money which in this country we call greenbacks. We do not need to consider that very seriously, because we all know that by the operation of economic law that kind of money would immediately drive out of circulation all the better kinds of money that now exist. That is elementary economics, not subject to debate. We would then be on a printing-press basis entirely. It is a process that, like the use of drugs, leads one steadily downward into further excess. We have seen it resorted to in many countries since the war; in fact, we have seen whole masses of populations, particularly the great middle class of those populations, bereft of their entire substance by what everyone must see was profound national dishonesty. I do not believe that there is the slightest likelihood that this country or either House of the Congress will ever approve the unlimited issue of greenbacks. It is too bad that the matter should be discussed seriously, because of the apprehensions that the very fact of discussion will create.

The other kind of inflation which has been talked about to-day consists in two steps: First, a legislative enactment by us that the gold content of the dollar shall no longer be 23 and a fraction grains of gold, but shall be something less than that—say 16 grains or 10 grains, or whatever figure might be suggested. Obviously that, standing by itself, would give spotty and irregular relief to the debtor class, because most of our farm mortgages, all of our corporate bonds, all of our governmental bonds—Federal, State, county, and city—are made payable in gold dollars of the present standard of weight and fineness; and so long as those contracts remained obligatory, the fact that we had debased the gold dollar would give relief to the maker of a promissory note, perhaps, but no relief to these other debtors who need relief perhaps even more.

Mr. LONG. Mr. President—

The PRESIDING OFFICER (Mr. COUZENS in the chair). Does the Senator from Pennsylvania yield to the Senator from Louisiana?

Mr. REED. No; I do not want to yield for a minute.

That proposal necessarily would have to be accompanied—and the speakers this morning were frank enough to say so—by an attempt on the part of Congress to impair the obligation of the gold-standard clauses in all of these bonds and mortgages.

Whether Congress has the power to take the property of the creditor—whether such a taking would not be a violation of the due-process clause—is somewhat of a hair-splitting legal proposal that might take time to discuss. I should doubt very much whether Congress had that power. If it had the power, this Nation ought not even to dream of its use. I doubt if the power exists; I want to make that clear; but I do not believe that the United States of America or the people of the United States have gone dishonest overnight merely because we are having a spell of hard times.

As was well said by the Senator from Virginia [Mr. GLASS], there is no stopping place. If we could make the content of

the gold dollar 16 grains of gold, we could make it 6, or we could make it 3, or we could make it 1, or we could make it a disappearing fraction.

I do not believe that the United States is going in for that. I believe that the very discussion of it here has a profoundly bad effect; and I believe that if such a measure were seriously pressed in Congress, and if the country thought that Congress was seriously intending to enact such a measure, all the supposed benefits of its enactment would be many times outweighed by the panic and crisis that would be precipitated during the days while such a bill was pending. We would see a flight of capital from America that would take our breath away. We would see a collapse of business and credit, a hoarding of gold, a rush to get rid of these securities that we were planning to debase; we would see such a catastrophic overturn in American business that all of the supposed benefits of its enactment would not begin to compensate for the damage that we had done.

So I hope, Mr. President, that at every opportunity that we have we will put our feet down hard on this talk of throwing away the national honor in any such scheme. After all, we are merely stealing from one class to help another by any such process, and we would be inflicting upon American national credit an injury from which it would not recover in a century. I mean that, and I believe that it is proven by the experience of France since she repudiated the assignats that were issued in the time of Louis XVI. I believe that to-day France is paying a higher interest rate because of that default a century and a half ago. I believe that America a hundred years from to-day would have to pay a higher rate of interest, because she would be considered a poorer credit risk.

America borrows money to-day at a fraction of 1 per cent. Why? Because her credit is not subject to doubt. It is the best credit in the world. Let us not jeopardize it even by such reckless talk as we might have recourse to in our wild desire to help the suffering that we see about us.

In what I say I am not speaking without a full realization of the distress that exists, of the difficulty of the debtor class in meeting its obligations with commodity prices at the shockingly low level at which they now are. All of us who are not deaf, dumb, and blind know what distress exists in the United States; but we also know that the best contribution we can make toward recovery is the use of some self-control here in Congress. There are many signs of reviving business. If we will do our part and show some self-restraint, and not rush after any panacea that is suggested from God knows where, American business will come back, commodity prices will come up, and the distress that is about us now will cease.

Mr. BARKLEY. Mr. President, I have no desire to delay the Senate in the consideration of this bill, on which every one of us has been anxious to vote for a number of weeks; nor could I hope to enlighten the Senate with reference to the amendment offered by the Senator from Montana [Mr. WHEELER]. Inasmuch as I shall vote against his amendment, however, I wish to say just a few words with reference to the situation, not in explanation of my vote, not in any effort to apologize for it, but in the hope that I may offer a constructive suggestion that may ultimately result in some benefit in the solution of this great question of money.

There is no problem that confronts the American people to-day that touches them more vitally from every standpoint than the question of money. I doubt whether any man in the world has the last word on the subject of money. I doubt whether any man in the world, if commissioned by all the governments of the world, could sit down and solve the question of money, of its standard, type, or character. But there is no subject that arouses a keener interest among people, whether they be financiers, farmers, clerks, or professional men, than the subject of the circulating medium which operates as a means of exchange in the transfer of what they have for what they want.

I remember as a schoolboy in 1896, during the Bryan campaign, how difficult it was for me or others to pick our way down the streets in a small county-seat town in Kentucky because of the fact that any man who stopped on the corner and began to discuss silver or gold or the monetary standard immediately gathered around him everybody who had nothing else to do—and that included nearly all the people at that time—in order to listen eagerly and intently to a discussion, even an amateur discussion, of the question of money.

That campaign came and went. Those who advocated the free and unlimited coinage of silver on the theory that there was not enough money in circulation, and that gold as a single standard for money did not afford enough of that precious metal to operate as a basis for enough circulating money to transact the business of the world, found a remedy soon afterward in the discovery of gold in Alaska.

There are very many able economists and financiers who now take the position that there is not enough gold in the world to form a true and sound basis for the issue of currency in sufficient quantity and flexibility to afford the means of transfer and exchange necessary in a complex business world.

Frankly, I do not know. Sometimes I feel that our business, not only nationally, but internationally, has become so complex, and the basis for credit and money and the exchange of products has become so complicated, as to outgrow the present volume of gold in the world operating solely as a basis upon which our monetary system exists.

As a remedy for that situation, if it is a situation that is susceptible of remedy, the remonetization of silver has been suggested, not only by the Senator from Montana [Mr. WHEELER] but by many others who have given consideration to the subject.

The revaluation of the gold dollar has been suggested by reducing the gold content of the dollar something like 25 per cent. There has also been put forward a suggestion that the requirement of a gold reserve as a basis for the issuing of currency ought to be lowered something like 25 per cent, in order that there might remain still a semblance of the gold standard, and that we might at the same time broaden the basis for the issue of currency based upon gold.

I do not know whether any of these suggestions, or all of them together, afford any remedy for our situation. It was the hope and belief of those who were the sponsors and advocates of the Federal reserve system that a more flexible currency system ought to be adopted, so that by some process that might be regarded as automatic the amount of money in circulation would expand as business expanded and needed it, and that by the same automatic process it would be contracted and retired as business should no longer require it. I am inclined to the belief that even with a World War that, it seems to me, brought the supreme test of the Federal reserve system, and with this depression in our country and in the world, if the Federal reserve system had been allowed to operate normally along the lines conceived by those who inaugurated it, there would still be enough money in circulation in this country to justify the belief that no change in our monetary standard would be necessary.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. LONG. Just what does the Senator mean when he says "if the Federal reserve system had operated along the lines of those who originated the Federal reserve act"? To whom does the Senator refer in that connection?

Mr. BARKLEY. I could not name all of those to whom I refer. I refer, of course, to those of us who were in Congress at the time and voted for the measure, and especially those who conceived it, including the President of the United States; the Secretary of the Treasury; the Senator from Oklahoma, Mr. Owen; the Senator from Virginia, Mr. Glass, then a Member of the House and chairman of the Banking and Currency Committee; and all of those who voted for it and believed in it. It was the thought then that by the

creation of a new kind of currency under the operation of the Federal reserve system and under the guidance of the Federal Reserve Board, through the Federal reserve banks using rediscountable commercial paper as a basis for circulating medium, the needs of business would automatically be responded to by this currency, so that when a larger volume was needed because of larger business and the desire to expand it would be available, and when it was no longer needed it would be automatically retired. That is what I had reference to.

Mr. LONG. If the Senator intended to include in that, outside of himself, our friend the Senator from Virginia, I wanted to know just what policy Mellon and Mills had followed which the Senator from Virginia has not indorsed in his advocacy of the pending bill.

Mr. BARKLEY. I am not going to use my remarks here as a vehicle for getting into a controversy with the Senator from Louisiana over the Senator from Virginia.

Mr. GLASS. Mr. President, the Senator from Virginia is perfectly capable of taking care of himself.

Mr. BARKLEY. And that is why I do not think it is necessary for me to assume that responsibility.

Mr. GLASS. The Senator from Virginia does not need any assistance from his very distinguished and affectionate friend from Kentucky.

Mr. BARKLEY. I realize that full well, and the Senator could do it so much better than I in the first person that I do not desire to undertake it in the third.

I was undertaking to mention only topically some of the suggested remedies for our present situation and, as I was already saying, I do not know that any of them singly, or all of them combined, offer any remedy for our present situation.

I do not know, and I do not know that anybody else knows, whether we need actually more money in circulation, more gold dollars, more silver dollars, more gold certificates, more silver certificates, more Federal reserve bank notes, or more national-bank notes, or whether there should be a sound readjustment of the credit system, not only in this country but in the world, so as to facilitate a larger degree of confidence, and therefore expansion of business, under which the Federal reserve system itself would automatically operate to increase, by whatever amount might be necessary, the circulating money of the United States.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. GLASS. If at that point I may interrupt the distinguished Senator from Kentucky, let me again call his attention to the fact that the Federal-reserve system now has a gold reserve sufficient to expand the credits of its member banks in rediscounts to the extent of more than \$4,000,000,000. Not only is that so, but, under the terms of the statute, the Federal Reserve Board is authorized to reduce the reserves. It is even authorized to suspend the reserves entirely for a period. So that when people talk about needing more currency, what would they have done with it? To whom would they have it given? To whom would it be issued? The banks are chock-full of currency.

The banks are so fluid and have such an immense amount of currency on hand that the Federal Government is enabled to make its loans at one-half of 1 per cent, which is utterly absurd. But the banks contend they can not make loans to people because people are not doing business. So I would like to have the Senator tell us, or to have some of the other Senators who are advocating wholesale issuance of currency tell us, what they would have us do with it; to whom they would have it issued. Would they give it away? Would they require public officials to stand on the street corners and hand it out to the passers-by? Currency for business purposes is abundant. Credit for business purposes is sufficient to expand Federal-reserve discounts \$4,000,000,000 right to-day, with the gold reserve back of it.

Mr. BARKLEY. Mr. President, of course, as the Senator knows, and as we all know, the reason why that \$4,000,000,000, or any portion of it, has not been extended or ex-

panded under the Federal-reserve system is the fact that not only is there no demand on the part of business for money they can not use, not only is there a lack of confidence on the part of financial institutions to lend money to business institutions, because they see them declining and their business declining, but because of this very situation there is not a demand for the automatic expansion of currency provided for in the Federal reserve act itself, not only operating on the gold reserve as a basis but upon rediscountable commercial paper as a basis, for the issuance of currency.

Mr. GEORGE. Mr. President, let me ask the Senator from Kentucky if the question is so much a monetary question as it relates to the United States but, rather, is it not a question of the stabilization of the currencies of the principal commercial trading countries of the world?

Mr. BARKLEY. I am inclined to think the Senator has really put his finger on the real trouble.

Mr. GEORGE. If that be true, how can we correct it except by international action, and is not the whole question simply one of whether we are willing to take international action?

Mr. BARKLEY. It could not be corrected except by international action, unless by some fortunate chain of circumstances all the nations should operate separately so as to bring about a harmonious situation among all the nations, which is a conception impossible of realization.

Mr. GEORGE. That is not likely in the present state of the world.

Mr. BARKLEY. Not at all. I did not really intend, Mr. President, to embark on any effort to add to or illuminate the argument on this complicated question. What I started out to say, and what I hoped my remarks would lead to, was the suggestion that not necessarily in this Congress, but in the next one, at the very beginning of the next administration, we ought to form a joint committee or commission of some kind to make a profound study of the entire money question, either to report to Congress or to the Executive, in an effort to find out what remedies are spurious and what remedies are sound, if there are any remedies available.

My mail is filled, as I am sure the mail of every Senator is filled, with suggestions about the cheapening of the dollar, about increasing the amount of money in circulation. Some of them go to the extent of the remedy suggested by the Senator from Montana in his amendment about the remonetization of silver. I certainly would not, even though I were sympathetic with the amendment, feel called upon to vote to authorize the remonetization of silver in the present state of ignorance, national and international, on the subject of the silver question. There has not been a remedy offered by anybody, in or out of Congress, upon which I would feel at liberty to vote in my own present state of lack of information and definite conclusions with reference to the matter.

These letters come from sections by relays. I am this week receiving dozens upon dozens of letters, all written from the same town, not in my own State, I will say, which are probably the result of some suggestion, dropped overnight, it may be in some speech before a Rotary Club, or a Kiwanis Club, or some business organization, suggesting a remedy and offering the suggestion that all those present write to somebody in Washington to do something.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WALSH of Massachusetts. Does the Senator favor holding an international conference on the subject?

Mr. BARKLEY. Yes; I am inclined to think that we will not get anywhere toward the stabilization of international money without some sort of discussion, at least.

Mr. WALSH of Massachusetts. In suggesting that no action be taken now, has the Senator in mind the statement of President-elect Roosevelt when he said, in referring to an international conference on this subject, "This I promise to do without delay or evasion when I go to Washington next March"?

Mr. BARKLEY. I recall that the President elect made that statement in the course of his campaign for the Presidency, and I approved of it then, and I think that that is the logical and sensible way to approach the subject. I think that any effort on our part now as a separate nation, trying to do something by which we may lift ourselves up by our own bootstraps, without regard to the relationship of our country commercially and from a standpoint of money with the rest of the world, would be calculated to do infinitely more harm than good, if it could accomplish any good whatever, and it is therefore my thought that it might be well in the very beginning of the new administration coming in on the 4th of March, either through the Executive or through resolution, joint or otherwise, of the two branches of Congress, to set in motion a sincere, exhaustive, detailed, and, if possible, a profound investigation of this whole matter so that in the very near future we may be able to deal with it either in international conferences, by international agreement, or, if we attempt to deal with it as a nation, that we may deal with it wisely and conservatively and in the light of information we may gather as the result of these conferences.

It is with that in mind that I would not feel myself able to vote to support the amendment of the Senator from Montana, or any other amendment at this time undertaking to deal with our currency system, except as it may naturally flow from whatever legislation we may enact to strengthen the banking system of the United States.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. BARKLEY. I yield.

Mr. LONG. Inasmuch as the Senator from Massachusetts very wisely calls to our attention the statement of the President elect of the United States on this question, I was wondering whether the Senator would have the same attitude on the statement made by our President elect as to decentralizing wealth, and stopping it from being concentrated in the hands of the few.

Mr. BARKLEY. I do not recall just what statement he made on that subject. I would have to refresh my recollection with reference to it before I would like to discuss it. I have not it before me.

Mr. President, I have said all I wanted to say, not as suggesting any apology or explanation of the vote which I am going to cast, but simply to throw this suggestion out as offering at least some hope that we may give our undivided attention to the matter in the future.

Mr. LEWIS obtained the floor.

Mr. LONG. Mr. President, will the Senator yield to me to suggest the absence of a quorum?

Mr. LEWIS. I thank the Senator from Louisiana, but I am not particularly concerned about a large audience. I have such an intellectual one around me that I am content with its numbers.

Mr. LONG. Mr. President, if the Senator will yield just a moment, I think there ought to be others here to listen to the Senator, whether he would want it or not, and I would like to have him yield to me to suggest the absence of a quorum.

Mr. LEWIS. Mr. President, the little I desire to say will occupy so short a time that it would not consume the length of time necessary to call a quorum. I appreciate the courtesy of the Senator.

Mr. President, let me say to my distinguished colleagues on both sides of this Chamber that unless we make very clear what we are doing, in every country of the world the vote on the pending amendment will be misconstrued, and the result of it will be imputed to a reason and a sentiment really not expressed in the vote itself. The vote will be mostly yea or nay, if the amendment should or should not be appended to the bill now before the House entitled as a bank system measure.

We recall that in the sacred law there is the injunction that "there is a time and place for all things." The present bill before the Senate is a bill to constitute a system of banking. It is in its provisions complete in itself, however much there may be those who differ as to the application

of some of its provisions and as to whether it more completely represents the thoughts which they possess or whether it should be somewhat changed in order wholly to conform to what may be said by different Senators to be the needs of banking.

There is to that bill, which is only a measure to constitute a system of banking, tendered an amendment that has for its object the establishment of a complete new ratio of coinage as the basis of money for the United States of America. There will come a time, as intimated by the Senator from Kentucky [Mr. BARKLEY], responding to the allusion of the Senator from Massachusetts [Mr. WALSH], when that question will be both pertinent and appropriate, and when a discussion under any clause tendered to the public can be fully completed and addressed wholly to that subject.

Senators to-day opposing the measure, being an amendment to a bank bill, conscious that it could not cover the whole subject, nor as an amendment be treated in the fullness which such a measure should receive, may be favoring the abstract doctrine it represents and still could not see the propriety of putting it as an amendment on the bank bill, but would see the impropriety of assuming to enter upon the discussion in all its gravity and various forms of responsibility when tendered as an amendment to a measure that is not framed to carry on either the question or, Mr. President, its natural concomitant, the consideration of the relative relation of coinage in the money of other countries than our own.

The question has not failed to disturb the world at certain periods, nor has it failed to engage the most serious attention of those who have reflected upon it, Senators; it is recalled that the question of silver as fundamental money has ever had some doubts surrounding it. When the place of burial of Abraham's relatives was chosen and the sacred ground which surrounded the place of repose of the bodies of his children was questioned in ownership, the patriarch, in order to prove his title, announced that the ground had been purchased by a certain number of pieces of silver according to the law of merchant, showing that even then there was a serious question as to what was the true rule establishing the value of silver as money of the land.

It is familiar to the Senate that in England, when the question of the weight and value of coinage was seriously brought for the fiftieth time before their legislative body and disputed as to weight and fineness, Robert Peel tendered an act which was the composite wisdom of the most thoughtful men in finance that then surrounded the realm, and to-day is known as the Robert Peel Act, which prescribed a certain number of grains of gold which made the current gold as a basis of that upon which the English pound to-day is issued. But we have seen lately and we have heard eminent Senators to-day allude to how England only in the last few months has made some change even as to that, leaving things somewhat, as we may call it, hazy and doubtful as to what is the standard of England.

Mr. President, what I wish to press is this: The great question that has now been precipitated by the amendment does not belong here. At a proper time it should be presented and there discussed with the wisdom that I know this honorable body on both sides could contribute towards it. But as an amendment to a purely bank bill, with the limitation that is essentially attached to the amendment, it ought not to be presented as an amendment to the bill. The votes against the amendment of many Senators upon the theory that it does not belong to this measure which is now pending and can not receive a proper consideration at this time, will be justified as votes only from their point of procedure, yet, sir, as to the world it will go out as a vote of our policy upon the question of silver or gold or the coinage upon some percentage of either in respect of one metal to the other.

Rather than be misrepresented and have us misunderstood, and the amendment itself receive the rebuff which apparently will be charged against it when the vote is merely a matter of procedure to avoid complicating the measure that is intended to relate only to a system of

banking, I would suggest to the honorable Senators who offer it that they withdraw it as an amendment to the pending bill and withhold it and tender it as an independent measure for the consideration, at a fitting time, of this honorable body, unmarred, unaffected, and unconfused by the situation that now refers as an amendment to the banking bill, to which it is wholly foreign, and which, if precipitated further to the full extent to which it can go, can involve the present measure in such ceaseless debate as to confuse the principal measure on the one hand, mislead the country in the result, and leave us where before America a form of uncertainty will seize the general business and financial mind of America. All this will go to the extent of seriously affecting the credit of the present-day merchantman and more or less greatly impair the revival which we all seek to have, that is just now, as we see it, appearing with the light of a new day and advancing hopefully upon us.

For this reason, therefore, I could not support the amendment because it is foreign to the issue before the Senate and does violence to the consideration of the bill that is now only to be considered as a bank regulation bill. So, sirs, to prevent the vote from being misunderstood and the conclusions from being misconstrued, I rise to suggest, in the observations which Senators have been kind enough to tolerate from me, that the amendment be withdrawn at this time while the bank bill is pending; the silver-coinage amendment to be presented at a proper time, when it can properly have all the issues that are essential to it presented in a fair and just manner, and at such time, as the Senator from Kentucky [Mr. BARKLEY] well alludes and the Senator from Massachusetts [Mr. WALSH] referred, when the question in its largeness can be considered in its full scope, doing complete dignity to the authors of the amendment and complete justice to the great subject it represents.

Mr. WALSH of Massachusetts. Mr. President, we have all been greatly enlightened by the discussion on the subject. I am going to request, in connection therewith, that there be printed in the RECORD an article by Willard De Lue, published in the Boston Sunday Globe of January 22, 1933. The article seeks to deal with the silver problem in a very fair and impartial manner. I think it is a valuable contribution to the able discussion we have had this afternoon.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The article is as follows:

[From the Boston Sunday Globe of January 22, 1933]

FALL IN PRICE OF SILVER IS TRAGEDY TO TRADE OF EAST—WITH THE EXCHANGE VALUE OF THEIR MONEY CUT IN HALF, MERCHANTS OF ASIA CAN NOT BUY—HENCE LOW PRICES—WORLD CONFERENCE WILL BE CALLED TO SEE WHAT CAN BE DONE

By Willard De Lue

This silver problem. * * * Oh, is there a silver problem? Indeed there is, and a mighty serious problem it is, too. The newspapers have been printing stories about it for a couple of years, but probably you've passed them over with no more than a glance. Almost everyone has—that is, almost everyone in this corner of the country, where the silver problem seems to be something extremely remote, something neither important nor dramatic.

But, the fact is that the silver problem—the present all-time record low price of the metal in world bullion markets—has the world at its wits' end. Economists are pretty well agreed that it has been a major influence in the business depression. Something must be done to get silver back onto its feet again.

Both the Democratic and Republican parties made silver a subject for platform discussion in the last campaign. President-elect Roosevelt promised to call an international conference on the matter. "This I promise to do without delay or evasion when I go to Washington next March," he told an audience at Butte, Mont. President Hoover, speaking of the coming world economic conference, said: "I made it a condition of our acceptance that the whole silver question should be put in the agenda and that it should be fully dealt with."

HALF OF WORLD AFFECTED

Congress now has several silver proposals before it for consideration. The legislatures of a dozen States have demanded action. Organizations by the score, including the American Federation of Labor, have joined in the plea that "something be done about silver."

Obviously, then, something is the matter.

Suppose, for instance, that you had \$100 in silver money that you had earned by hard work. Suppose that some fine morning you awoke to discover that your silver, instead of being worth \$100, was worth only \$40. Naturally you'd feel a bit peeved, to put it mildly—and you'd be a little more than peeved if you discovered that this drop in the value of your wealth was caused, not by the operation of any obscure laws of economics, but by the direct legislative action of various nations of the world.

Something of that sort has hit half the people of the world. The millions in China, India, and other Asiatic countries, where silver has been a common standard of wealth for thousands of years, discovered a couple of years ago that their wealth—their purchasing power—had been cut more than in halves.

Silver metal, which for many years has been worth somewhere between 60 and 70 cents an ounce in terms of American currency, began to drop in value in 1926. It kept on dropping, though very gradually, until 1929, when it began a high dive that became climactic in 1930; in December of that year silver fell to 32 cents. Since then it has fallen even lower, with spasmodic variations in price. It is now worth only twenty-five and a fraction cents an ounce. A few months ago it was down to its all-time-record low of close to 24 cents.

ONCE REPRESENTED SOLID WEALTH

The effect of this tumble was world-wide. Its significance can't be grasped unless you keep always in mind the fact that the wealth of the Asiatic peoples has, from time immemorial, always been in the form of silver.

Instead of putting their savings into stock certificates or into banks, the masses in India and China and their neighbors always have put it into silver—good, hard silver—which they regarded as being something that time or business fortune could not materially rob of its intrinsic worth. This silver was, some of it, in the form of coins. Much of it, millions and millions of ounces of it, was in the form of bangles and necklaces, trinkets, statuary, and other religious articles, either carried on the person or hidden in or near the homes.

It represented, to them, solid wealth. If times were good with them, they could produce it for the purchase of little luxuries; if times were hard, they could produce it for purchase of the necessities of life.

But now, by the fall in the silver price, these little family fortunes have been robbed of half their value. The economy of half the world has been knocked into a cocked hat.

"In all calmness and deliberation," said Senator BORAH a few weeks ago, "I consider that the action of the international bankers in demonetizing silver and virtually destroying the purchasing power of over 800,000,000 people was one of the most brutal acts ever committed in modern history."

LOOKING CLOSER AT HAND

Mr. BORAH, when he said this, was speaking of the peoples of the East. But in his mind's eye he was looking closer at hand; looking upon his fellow citizens in the States in the silver-mining region. For the low market value of silver has hit the mining industry. While it is true that, in this country, much of the silver is a by-product of lead and other mining operations, it still has counted as a material source of mine revenue.

Its fall in price (coupled with a decline in demand for other metals, due in a measure to the world chaos which the silver slump helped to cause) has intensified mine shutdowns, with attendant unemployment and hardships. And the high-content silver mines in other parts of the world, which have been even harder hit by the slump, represent the investment of large amounts of American capital which now is not earning its salt.

World production of silver dropped from 244,000,000 ounces in 1930 to 195,000,000 ounces in 1931, with a further decline last year. The production in the United States fell from 50,000,000 ounces in 1930 to 31,000,000 in 1931.

Mr. BORAH, when he spoke, was thinking also of the Pacific States, where trade with the Orient is a big business item. Here the crippled buying power of the oriental peoples has resulted in heavy trade losses and a consequent deepening of the depression. The drop in our exports to China was from \$166,000,000 in 1928 to only \$114,000,000 in 1931—a loss of \$52,000,000. And our imports from China fell in the same period from \$156,000,000 to \$73,000,000—a loss of \$83,000,000.

While it has been suggested that the falling off in China's purchases from us is rather a result of internal disorders than of low silver, Julian Arnold, our commercial attaché at Shanghai, has declared that this is a false premise. War ordinarily makes no big difference in China's trade machinery. "The low value of silver," he says, "is more of an important factor."

LESS USED FOR MONEY

Why was it that silver took such a terrible drop in value?

Chiefly, as has been said, through legislative action.

Normally the world production of silver keeps pretty close pace with the world demand. There is no glutting of the market. Consequently the silver price (barring the abnormal war and post-war years) has ridden along on a fairly even keel, without violent fluctuation.

But in 1920, following a lead by Great Britain, most of the European and South American countries (and also Mexico) began a process of either debasing or demonetizing silver currency. Debasing meant that they reduced the amount of silver in their silver coins. Demonetizing meant that they stopped, in part or in whole, making silver coins, and issued paper money instead.

In either case, less silver was used by the governments. And on top of that, the obsolete coins were melted down and, along with reserve stocks of silver in the treasuries, were dumped on the public market. Thus the demand for silver was reduced and the supply was increased.

This brought the price of silver down from extraordinarily high war levels, but it had no serious effect on world affairs.

CHINA THE HARDEST HIT

But in 1926 India revamped her financial system and went on a gold standard. Without going into puzzling detail, this great silver-buying country found it necessary to dispose of her treasury supply of silver in order to buy great quantities of gold in order to maintain the gold value of her currency. She began to dump this silver into the market in increasingly large quantities year after year—selling most of it to China, which previously had been a great market for the newly mined metal.

To cap the climax, in 1930 French Indo-China went on a gold standard. She, like India, dumped another mighty store of silver into the bullion market.

Between the public sales due to demonetization or debasing of silver, and sales by India and Indo-China, about 400,000,000 excess ounces of silver—second hand silver, if you please—were thrown into the market from 1920 to 1930. This was pretty nearly as much as the mines normally produced in two years.

Naturally, the market could not absorb it. So the price fell. The East was plunged into an economic abyss, and the silver-mining industry was prostrated.

China was hardest hit of all, for with her silver was an absolute standard of value. The values of her coins and paper money were all based upon the actual market value of silver. When silver became unstable all values became unstable. Trade was demoralized, because nobody could say what silver was going to be worth from day to day.

SIMPLY WENT WITHOUT

The buying power of silver, when making purchases from countries on a gold standard, was shot to pieces. Prices skyrocketed. Naturally, nobody was anxious to buy imported goods when it was necessary to pay 2 ounces of silver for what 1 ounce bought before the slump.

Ordinarily this might have led to a development of competitive home industries—something which would not have been so bad, for then China would have been in the market for machinery and other equipment. But here again the low price of silver operated against purchases. Chinese capitalists hesitated to pay the higher price for machine equipment. They would be in competition with those who had bought before them at the lower price. And they would also be handicapped as against any who might buy later on when silver came back into its own again.

So China turned not to competitive home manufactures but to Chinese substitutes for the imported articles. If, for instance, a Chinese farmer discovers that American kerosene comes too high, he can revert to burning his own homemade wood oil, especially since the American market for wood oil (used in paints) has fallen off.

In many cases China simply did without. "When a prospective customer for a tin of California fruit is confronted to-day with a price of \$1.40, local currency, as contrasted with 70 cents for the same thing less than a year ago, he naturally will stop to consider his pocketbook before making the purchase." This from our commercial attaché a year or so ago. To-day the can of fruit would cost the Chinese close to \$2.

MANY REMEDIES PROPOSED

The exact method, the precise sequence of operations by which the fall in silver influenced the world-wide depression, is something on which economists may differ. But they do point out that the slump in silver was followed by the world-wide drop in commodity prices.

And, as everybody who reads the newspapers must know, the whole world agrees that this commodity-price drop is one of the great economic evils of the day.

"Get the price of silver back where it belongs, restore its buying power and the buying power of 800,000,000 people, and you have made at least a start in jacking up commodity prices," some eminent economists declare.

That, after all, is the immediate silver problem—how to get it back to a more nearly normal, steady price level.

The methods proposed for accomplishing this result are many. They include: (1) Having all the nations start making silver coins again, instead of issuing so much paper; (2) having the nations that debased their coinage restore it to its original silver content; (3) having India and other countries with a silver surplus still on hand agree not to sell silver unless the price is above a certain level to be fixed upon; one figure mentioned is 50 cents an ounce; (4) encouraging the extended use of silver for commercial purposes.

In short, the demand for silver must be maintained and the supply kept at normalcy.

Mr. NORRIS. Mr. President, I believe that Senators, especially those who want to bring about an international agreement in regard to silver, ought to consider very seriously the suggestion made by the Senator from Illinois [Mr. LEWIS]. For various reasons, some of which were given by the Senator from Illinois, the vote on this particular amend-

ment will probably not fully record the favorable light in which it would be voted upon if it were considered independently of the pending bill.

Let me say to those who want to bring about an agreement on silver by the nations of the world that this vote will be taken practically as conclusive by those who are opposed to an international agreement, either in this country or in any other country. There will be built up a hurdle in front of those who are trying so earnestly to bring about that kind of an agreement, an agreement which I would myself very much like to see made.

Mr. President, I have never been and was not one of the advocates of free silver at the time it was agitated quite a number of years ago. However, I think we are confronted with a condition to-day such as has never confronted us before, not even during the World War. I listened with the greatest attention and interest to the very eloquent argument made by the Senator from Pennsylvania [Mr. REED] against the pending amendment. I want to say before I discuss his argument that I concede to him full sincerity and honesty in the belief which he advocated. He may be entirely right. But when he closed he left me, as I told him privately, without any hope.

The Senator from Pennsylvania called attention to the three methods proposed to bring about relief from the depression by financial legislation, one by the issuance of a larger amount of paper money upon the gold reserve, another one by free silver such as the pending amendment proposes, and the third method to change by law the gold content of the gold dollar. He condemned every one of them with a severity that left not a leg for any one of them to stand on. Each one of them, according to his argument, would bring disaster if enacted into law. All were condemned. It may be that the advocates of each one exaggerates the benefits that might come from them. It may be that they would all be failures.

But it seems apparent to me, as I believe it is to a majority of the American people, that unless we have some remedy, disaster is bound to come. Our people are unemployed by the millions. They are starving by the millions. We have been getting in a worse condition daily, from day to day. I believe it can be safely said, so far as finances are concerned, that the much beloved gold standard has been a failure. Unless some remedy shall be provided, I can see nothing but ruin ahead of us. I say that measuring my words. I very much dislike to say it, and yet everybody knows it, and privately all are discussing it.

So it seems to me, I should like to say to my friend from Pennsylvania, in whose judgment I always have the greatest confidence and whose wisdom nobody doubts, that when the different remedies are proposed one by one he knocks them down, and, from his point of view at least, demonstrates that a given remedy which is proposed would bring ruin to our country and our civilization. So he removes each one of them, and we are left helpless.

Are we going to confess our helplessness? Is the American Congress in such a condition that it is going to admit there is no solution for the existing difficulty? It may be that there is not, but if all remedies which are proposed are refused, then, unless we are willing to admit that there is no remedy and that destruction awaits us in the near future, we ought to propose some other remedy. If the remedy now suggested will not work, let us have one that will work, or let us put our arms around each other and go down to death, ruin, and destruction together, and admit our inability to meet the conditions.

I do not like the remedy proposed by this amendment, Mr. President. Under ordinary circumstances, I would not support it. I had rather take either one of the other two remedies that have been suggested. At least one of them, it seems to me, would be practical, and I feel that we are perhaps somewhat in the position of a drowning man grasping at a straw. I do not see how this particular proposal would work; but it is conceded, I think, that it would cheapen the dollar, and I want to do that. I believe we must make it easier for those in debt to pay what they

owe. Many of them, indeed, millions of them, are in a condition for which they are not responsible, and millions of others are in a condition for which they are only partially responsible. The difficulty has come, as I see it, to a great extent, from our much beloved gold standard, our measuring yardstick, which is like a rubber string which changes its length. The farmer who has a mortgage on his farm, now due, which he is struggling to pay, is confronted with the condition that he can not pay it in the same kind of a dollar that he got when he gave the mortgage. If he gave a mortgage for a thousand dollars on his farm when wheat was worth a dollar a bushel he is now compelled to pay it with wheat which is worth less than 25 cents a bushel.

The very statement—and it is not exaggerated, but is conservative—shows that, so far as that farmer is concerned, he is confronted with an absolute impossibility. His mortgage can not be paid; he can not pay the debt. He will not pay it because he can not pay it.

What happens? He loses his home. It is not sufficient for us to say that the farmer ought not to have given the mortgage; perhaps he ought not to have done so; it may be he was unwise when he did it; many such farmers were, I know; but that farmer when he gave the mortgage did not know that the gold standard—the beautiful gold standard—was going to change. He did not know that the yardstick that measured the money when he got it was going to be of a different length when he paid it back. But that is the condition.

It is said while this proposed remedy might help the debtor—and the same criticism could be made of any of these remedies—it would be an injury to the creditor. In the first place, let us look at that from two angles. Suppose it would hurt the creditor; the creditor had better get something than to push this thing on over the precipice and get nothing and go to destruction with the rest of the unfortunates, because the creditor, too, will go along if destruction shall come; but it would not be as great a hardship for the creditor as we often imagine. Using the same illustration of the farmer who gave a \$1,000 mortgage when wheat was worth a dollar a bushel, he was in reality getting credit that bought wheat. One can not eat money; one can not wear gold; one can not burn it for fuel; it is no good except as a medium of exchange.

If the farmer who borrowed a thousand dollars with which he bought a thousand bushels of wheat tenders back the same amount of wheat that the gold represented when he got it, the creditor has not been hurt very much; he has got, so far as goods are concerned, just what he loaned the farmer when the mortgage was made, and in the meantime, during the period of the loan, he has been paid interest regularly. So he is not so greatly injured after all. It is the same with every other method that makes the dollar cheaper. The dollar was cheaper once. It has been made more valuable, not because the men who borrowed money wanted it to be more valuable, but, in spite of their efforts, it has been made so by other people and by methods over a majority of which, perhaps, nobody had any control; but it brought the evil that confronts us, and, so far as I am concerned, I would rather preserve our civilization and our country and adopt a remedy which under normal conditions I would not accept than to turn it aside and adopt none.

Mr. LONG. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. I wish to ask the Senator a question. I realize my own ignorance of the money question, and I am pretty well convinced that I am not more ignorant of that question than are some other Members of this body; but does not the Senator think that fundamentally we are going to have to provide that a greater share of the wealth of this country shall be distributed in the hands of the people, regardless of what we do about the regulation of the currency?

Mr. NORRIS. Yes, sir; I do most emphatically, but that question is not involved here. The Senator knows, and I presume all Senators know, that, right or wrong, I am an advocate of an inheritance tax that would go farther than any that we have ever adopted. I believe while we are confronted with an emergency, and we are particularly interested in emergency legislation such as that now pending, that, nevertheless, we will never have permanent happiness and prosperity until we shall impose an inheritance tax that will make it impossible for the huge combinations of wealth and fortunes to exist and be passed on from one generation to another. I am not going to argue that question now, Mr. President, but I think it can be demonstrated, even if I do not have the ability to do it, that such a law would not be unjust or unfair and would bring with it no suffering and no unhappiness. It does seem to me, however, that the vote on the pending question is going to be misunderstood. I understand that Senators on the other side are pledged—I hope they are, and I want to help them to get it, so far as I can in my weak way—to an international agreement. I think that would go a long way toward solving the silver difficulty; and it seems to me, in order to prepare for that and to make as good a showing as possible, we ought not to go before the world with the small vote that this amendment is going to get.

Mr. WHEELER. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Montana?

Mr. NORRIS. I yield.

Mr. WHEELER. For two or three years we have been talking about relief legislation. Over a year ago I introduced into the Senate the bill which I am now offering as an amendment, but we have never been able to secure a vote on it up to the present time, and this is the only opportunity that we are going to have to secure a vote on it.

I was not particularly anxious to offer it as an amendment to this bill, but I am anxious to have it before the people of this country and to have a vote on it. If I could have assurance from the leaders on both sides that I could get this bill up, and that it would be put on the calendar and set down for discussion, I would be perfectly willing to have that done, but I do not see any other way of getting any monetary legislation before this session of Congress unless we offer it as an amendment to some bill of this kind. The idea that some one is afraid to vote for it because of the fact that it is offered as an amendment, it seems to me, will never appeal to the American people who are suffering and who have been suffering for a period of three years, and yet nothing has been done to relieve the situation.

Mr. NORRIS. Mr. President, I have a great deal of sympathy with the ideas expressed by the Senator from Montana. I know that we can not always get bills out as we ought to do, and probably this is one of them. I have a lot of sympathy for the view the Senator takes of it, that he wants to crowd it to a vote, and under any ordinary circumstances I would be glad to have him do that; but I call his attention to the fact that it is not only the American people, as I look at it, that we have to take care of; it is the people of all the civilized nations of the world who are going to look upon this vote as a black eye for silver, and I fear they will turn a deaf ear to our pleadings when we try to have an international agreement which I myself believe is going to be very difficult to obtain, though if we should obtain such an agreement it would probably settle this question for a generation to come.

Mr. KING and Mr. WHEELER addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I yield first to the Senator from Utah, who, I think, rose first.

Mr. KING. The Senator will pardon me, I hope, for expressing in the form of an interrogation, if I may do so, a little dissent from his view with respect to the probability or impossibility of obtaining an international conference.

I think the Senator exaggerates the difficulties that will be encountered in obtaining an international conference.

Mr. NORRIS. I hope I do.

Mr. KING. May I say that Great Britain has called an international economic conference and the preliminary committee have recently met in Geneva and, as a part of the agenda, have provided for a consideration of the silver question. I am afraid, however, that they do not go far enough; and perhaps that conference, which is more concerned with what might be denominated pure economic questions, will not give the attention to silver which they should.

This, however, is what I started to say. There are many evidences of a tremendous awakening in Europe, as well as in Asia, in behalf of the remonetization of silver.

I have upon my desk a manifesto, signed by 20 or 30 of the leading statesmen, bankers, and publicists of Great Britain, in favor of an economic conference and in favor of an agreement for making silver a part of the monetary system of the world. I believe that if the economic conference called by Great Britain does not result in an agreement for the restoration of silver to a proper monetary status, the conference which Mr. Roosevelt will call—and he is pledged to do so under the Democratic platform—for the rehabilitation of silver, a conference to be called to meet in the United States, will eventuate in the rehabilitation of silver. That conference will be attended by representatives of the leading commercial nations of the world, and out of that conference will come an agreement that will give to silver the high standing which it had anterior to its demonetization by some of the nations of the world.

Mr. NORRIS. I hope that is true, Mr. President; but I want to say to the Senator, as I look at this money question, that I do not care whether it is gold, or silver, or what not. I am not married to any standard. The ideal standard would be one that never varies in its commodity value. We have not such a commodity, so far as I know. I should not hesitate to give up the gold standard if I thought I could get a better one. I am one who believes that it is a difficult thing to have a double standard, because it is always difficult to keep parity; but I would not have any objection to a silver standard if it did the work.

Mr. WHEELER. Mr. President—

Mr. NORRIS. I yield to the Senator.

Mr. WHEELER. This talk about an international agreement has been going on for a long time. For almost 30 years those who have been opposed to the remonetization of silver have talked about an international agreement. The only difference between the Democratic Party and the Republican Party in 1896 was that one of them was for independent bimetallism, and the other was for an international agreement. All during this period of time we have had nothing but talk about an international agreement.

I am in accord with the views of Will Rogers when he says that the United States Government never lost a war and never won an international conference, and I am perfectly sure that any international conference we have with reference to the remonetization of silver will be lost in exactly the same way that we have lost all others.

Mr. NORRIS. If that is true, there will not be any hope for silver, Mr. President.

I realize the truth of what the Senator said about an international agreement having been agitated for so many years and never having accomplished anything. That is true; but a whole party that is the dominant party is going into power in a few weeks, and the incoming President is pledged to call an international conference. I have not any more doubt about his calling that conference than I have that I am here in the Senate now. I have not any doubt about his calling it in good faith, and that he is in earnest about it; and that is more than can be said about a lot of these conferences that have been called in the past.

Mr. WHEELER. Mr. President, if the Senator will pardon me—

The VICE PRESIDENT. Does the Senator from Nebraska further yield to the Senator from Montana?

Mr. NORRIS. Yes.

Mr. WHEELER. I have not any doubt about the good faith of Governor Roosevelt with reference to calling an international conference. I have implicit confidence in that; but I have not any confidence whatsoever that those across the water who are profiting by keeping us on the gold standard, and by being off the gold standard themselves, will ever agree in an international conference to let us out of the hole that they have us in at the present time.

Mr. NORRIS. That may be true. I can not dispute that.

Mr. WHEELER. For instance, if we pick up the New York Times we see that there has been talk about getting back on the gold standard, and there have come from England statements to the effect that they will not enter into any agreement to go back on the gold standard because it is to their economic interest to remain in the position where they are. They can undersell us in the world markets, and yet at the same time as a manufacturing nation they can get their raw materials cheaper than they can when they are on the gold standard.

Mr. NORRIS. Mr. President, just a few words in closing.

What the Senator from Montana says is true; but I do not want to be an instrumentality here—and I know nobody else does, either, but I am afraid action is going to be taken that will put us in that light—I do not want to be an instrumentality of in any way hindering or making more difficult the calling and holding of an international conference by any action that we take here. I do not want to hamper the new President in any way; he is going to have a difficult task. It may prove to be a failure, but I do not want to add here, by a ridiculously low vote on the silver question in the Senate, to what I believe would be used with great effect as an argument against the consummation of any international conference on silver that gave any hope of success.

Mr. WHEELER. Mr. President, if the Senator will pardon me again—

The VICE PRESIDENT. Does the Senator from Nebraska further yield to the Senator from Montana?

Mr. NORRIS. Yes.

Mr. WHEELER. Of course, if everybody takes the position that he does not want to vote for the remonetization of silver because of the fact that he is afraid an adverse result would hurt an international conference, then there is no hope of its being done.

Mr. NORRIS. Let me say to the Senator that I am going to vote for it; and I am moved in part by my theory of the argument I have made. I want to make as good a showing as possible, and I might vote for the proposal on a final test if it had full sway. I am willing, on this question of trying to cheapen the dollar, which I believe is a necessity in getting out of this depression, to vote for things that I would not support under other conditions, that I would not have supported at a time when I thought they were not necessary to save the very life of our civilization. I believe something must be done; and I would rather even experiment than to do nothing, and go down saying that we are helpless and that we are confronted here with a condition that we can not do anything to help.

Let me say to the Senator that this amendment is going to be defeated anyway. As nearly as I can find out, it is going to get a relatively small vote. If it could be passed, if it could go over the veto that would await it when it got to the White House, we would be confronted, perhaps, with a somewhat different proposition.

I think this discussion has been valuable. I am not one of those who believe that the time this discussion has taken has been lost. I think if some of these other propositions were discussed more, it would be of some benefit. It might help us to get together on some remedy to pull us out of the morass that we are in. We can not pass it, however, and the bill would not be signed if it were passed; so that the only benefits coming out of it will be the debate and the

discussion that takes place here. That has always been beneficial; but the injury that I am afraid is going to come, and that will be there when the conference is called, will be the vote.

Mr. LEWIS. Mr. President, I desire to ask a question of my friend, the Senator from Montana [Mr. WHEELER]. Upon hearing him state that for nearly a year he has been pressing this measure, anxious to get both audience and action, and, as I have addressed the Senate on the theory that it ought not to be pressed as an amendment to the banking bill lest it should not receive proper consideration, and many votes might be cast against it merely because Senators feel that it should not be appended to this bank bill, and thus be misconstrued as an expression against his bill, I ask the Senator from Montana whether, during this year of which he speaks, the Senator has been pressing this bill before some appropriate committee?

Mr. WHEELER. Before the Finance Committee.

Mr. LEWIS. Has it been acted upon in any way?

Mr. WHEELER. It has not been acted upon. They have taken no action.

Mr. LEWIS. It has received no report from any committee, nor any action from any committee?

Mr. WHEELER. No.

Mr. LEWIS. I thank the Senator.

Mr. WHEELER. I desire to say, if I may, in further answer to the question, that I did not think it ought to be necessary for Democratic Senators to have long hearings on the subject. The Democrats of the Nation have been committed to independent bimetallism by convention. It was the money of our forefathers. While there has not been any discussion about it, I assumed that when the Democrats went on record for independent bimetallism in 1896, they meant what they said; and the world conditions at the present time, and conditions in this country indicate that it is so much more important at the present time than it was in 1896, and it could do so much more good at the present time, that it is inconceivable to me that Democrats who supported it in 1896 would not readily support it at the present time.

Mr. BLAINE. Mr. President, it had not been my intention to engage in this debate in connection with the amendment offered by the Senator from Montana [Mr. WHEELER]; but a great deal has been said here this afternoon in connection with the question of inflation, and what effect it may have upon the country, and what influence it may have upon the trend of economic affairs here and abroad.

Mr. President, I have observed that there have been many suggestions as to various types of inflationary measures. For instance, last year we passed the Glass-Steagall bill. That was alleged to be a mild inflationary measure. Then, following the passage of that bill, we passed the Glass-Borah amendment to the home loan act authorizing the issuance of national-bank notes against United States bonds, making additional bonds eligible for that purpose—as I recall, bonds drawing a rate of interest not exceeding 3½ per cent per annum. It was contended at that time that that measure was a mild inflationary proposal.

When it was proposed the other day to extend the time for the operation of the Glass-Steagall Act, I made an inquiry of the Senator from Virginia [Mr. GLASS] as to the amount of Federal reserve notes that had been issued under authority of that act, and also the amount of national-bank notes that had been issued under the authority of the amendment to the home loan act. The Senator from Virginia was not informed at that time, but suggested generally that the amount of national-bank notes that had been issued under the authority of the act to which I have called attention was about \$150,000,000, and that the Federal reserve banks had purchased about a billion dollars of Government securities.

Then, following that colloquy, the Senator from Oklahoma [Mr. THOMAS] read what purported to be, and I understand to be, a report from the Treasury Department which showed that the total outstanding currency on January 1, as I recall, was \$57,000,000 less than the year before, or at least

before the passage of the Glass-Steagall Act and the act authorizing the issue of national-bank notes. Therefore, we have had a complete demonstration of the fact that neither one of those acts was in any degree inflationary, or at least they did not produce a greater flow of currency.

Mr. GLASS. Mr. President, will the Senator yield to me?

Mr. BLAINE. I yield.

Mr. GLASS. I tried to indicate to the Senator on that occasion that in the purchase from the banks of nearly a billion dollars of Federal securities, it was not necessary for the Federal reserve banks to issue currency, that it was largely a bookkeeping operation. They simply released the member banks in large degree from their indebtedness to the Federal reserve banks, enabling them thereby, if they desired to do so, and business demands suggested to them to do so, to discount commercial paper to that extent.

Mr. BLAINE. Mr. President, I am aware of the accuracy of the statement of the Senator from Virginia. The only point I desired to emphasize was the fact that neither one of the two measures to which I called attention actually produced any inflation; and if we are to take as a standard of inflation or deflation the amount of currency in circulation, there was, in fact, a deflation in that currency.

Then there was the proposal known as the Goldsborough bill. That was intended to promulgate a system of controlled inflation under the authority of the Federal Reserve Board. That bill passed the House but did not pass the Senate. However, the Goldsborough bill as it was passed by the House and designed by the author and those supporting the Goldsborough bill did not become a law.

Now comes the possibility of another inflationary measure involving bimetallism, the use of silver as a medium of exchange on the basis of 16 to 1. I shall not discuss that measure in any respect, except to suggest that it would introduce into our monetary system another commodity which would be subject to fluctuation and, in my humble opinion, might cause us more difficulty than a single standard of monetary measurement, at least more difficulty unless we could have an international agreement for the adjustment of exchange.

Mr. President, there has been another suggestion for inflation, that is, the devaluation of the gold dollar, reducing the gold content of the gold dollar. I am not informed as to the amount proposed to be deducted in grains. Anyway, it is for the reduction of the amount of gold in the gold dollar. That is promoted on the theory that it will mean inflation of the currency or provide a larger medium of exchange.

I can not see wherein that proposal would be of beneficial effect, unless it were accompanied by other measures which would guard us against dangers which would be bound to come upon the country if that sort of inflationary measure were adopted. It would seem to me that if we are to embark upon that character of inflation, it would be necessary for the Government of the United States, through the President of the United States and the Secretary of the Treasury and the Federal Reserve Board, exercising the powers they may now have, to impound all of the domestic gold there is, impound it in behalf of the Government of the United States, or that gold will find its way to the pockets principally of the banks which have the opportunity to gather the gold.

Mr. President, it has also been suggested, in connection with that proposal, that to avoid the difficulties into which it would surely bring us respecting debentures, bonds, and securities which are payable in gold coin of the weight and fineness provided by law, there should be imposed a tax equal to the amount of the difference between the gold in the devalued dollar and the gold in the present dollar, payable upon collection of the gold due on bonds, notes, and securities, whether issued by private individuals, corporations, or the Government of the United States.

Mr. President, I am not going to discuss that proposal further. I am simply throwing out the suggestions for the purpose of discussing briefly what, in my opinion, will be the result of any inflationary measure which involves the ques-

tion of gold. I am not speaking now of inflationary measures respecting a system of controlled currency, but inflationary measures which involve the question of gold in the gold dollar.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. HARRISON. I merely wanted to ask the Senator having this matter in charge whether he intended to have the Senate run on to-night, or what the program was. There are several Senators here inquiring about it.

Mr. BLAINE. Mr. President, will not the Senator withhold that inquiry? I am not going to occupy the floor very long.

Mr. HARRISON. I wanted to see if we could get together on some agreement.

Mr. BLAINE. If the Senator will withhold his inquiry, I will much appreciate it.

The VICE PRESIDENT. The Senator declines to yield at this time.

Mr. BLAINE. I will endeavor to be very brief. I desire to confess at the outset that I have not gone into the legal question involved with the thoroughness to which I would like to subject the proposition, but I want to set forth what I think are well-known and familiar rules of constitutional construction and the powers of the Congress and the inhibitions upon Congress respecting this question.

I am convinced, so far as I am personally concerned, that Congress has not the power to violate a contract, whether a contract entered into on behalf of the Government and a private party, or a contract entered into between private parties. I am convinced also that, while the Congress has been granted the power to coin money, regulate the value thereof, and of foreign coin, and to fix the standard of weights and measures, that power does not justify the Congress in violating a contract when it exercises the power to determine the kind of money we shall have, whether it is coin or currency, that is, specie or paper money, nor has it that power in the regulation of the value of that money, nor has it that power in fixing the standard of weights and measures to impair the obligation of any contract which provides for payment of specifically defined coin dollars.

Of course, the legislative power of the Congress of the United States goes no further than that granted to the Congress by the Constitution, and the Congress is bound by other provisions of the Constitution to respect certain guaranties. I call attention to article of amendment No. 5:

No person shall * * * be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use without just compensation.

That is an inhibition on the legislative branch of Government. It is analogous to the inhibition on the several State legislatures, in my opinion, and I want to review, just briefly, some of the authorities on this proposition generally.

While the Congress has the right to coin money, determine the kind of money, and fix the value thereof, yet it has no right, under that power, to violate a contract. There is reserved to the States of the Union the police power, under which the States, not the Congress, will determine the law of contracts. But if a contract provides for payment in coin, that contract can not be violated by State legislation. Obviously the Congress of the United States has no grant of power respecting that character of contract.

Then there is another character of contract, a contract for the sale of something, it may be a commodity or it may be service, providing that payment therefor shall be made in some particular commodity, for instance, wheat, tobacco, copper, silver, nickel, aluminum, or any other commodity. State legislation can not violate that contract, and it is obvious that the Congress of the United States has no power in the premises.

Another character of contract, by way of illustration, is a contract for services or commodities providing for the payment thereof in gold or silver coin. The States can not violate that contract. Neither can the Congress of the United States violate that contract. It is an enforceable contract, and the payment must be made as agreed.

Mr. WAGNER. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from New York?

Mr. BLAINE. Certainly.

Mr. WAGNER. May I suggest to the Senator if there is not something to the proposition that when one makes a contract he has constructive if not actual notice of the fact that the Congress has the right to exercise that power?

Mr. BLAINE. The answer is that Congress never attempted to exercise any such power in connection with the matter I am discussing or in connection with the matter upon which we are legislating. I doubt if Congress has that power. That power is reserved to the States. That is a police power. The Congress can not determine the law of contract. I think the Senator's question will be answered in the course of my remarks.

There is another character of contract to which I was about to refer, and that is a contract for a commodity or service, the payment for which is to be made in gold of the weight and fineness then provided by the law of the Congress. The States have no power, of course—that goes without argument—to violate that contract. Neither has the Congress of the United States any power to violate that contract under its grant of power to coin money and to fix the value thereof. In other words, the law of contract is a police power especially reserved to the States of the Union and over which the Congress has no power whatever. That is definitely determined in the Legal Tender cases.

Congress may define what is money, what shall be the standard of value for the payment of all public and private debts. The Congress has that power, but that power does not go to the extent of violating an express contract between private parties or between the Government and a private party. In the absence of an express contract, the party to discharge the obligation, to make the payment, may make a tender in any lawful money of the United States, any money by the Congress declared to be lawful money. But when a contract has a specific, definite form of payment to be made, that kind of a contract is to be interpreted by the laws of the respective States, the State in which the contract was executed and can not be controlled, limited, or expanded by any act of Congress acting under the power to coin money or to fix the value thereof. That doctrine applies with equal force to contracts made by the Government of the United States with private parties. The Government can not violate such contracts.

I have not familiarized myself with the specific provisions of law respecting all the forms of money authorized by the Congress. We have greenbacks, we have silver coins, we have United States Treasury notes, we have Federal reserve notes, and national-bank notes, and Federal reserve bank notes. They are all money. They are all lawful money for the payment of private and public debts. I think most of them are by the law made legal tender for the payment of excise taxes and customs duties.

The Congress has the power in that respect; but when it comes to the question of a contract, the Congress has no power by its declaration to provide that a contract shall be payable only in a particular specified coin or currency; at least there is no such provision in the present law, and Congress has never attempted to assume such power.

In justification of these general observations I want to point out that in the case of Union Pacific Railroad Co. against the United States and in the case of Central Pacific Railroad Co. against Gallatin, known as the Sinking Fund cases and reported in Ninety-ninth United States Reports, page 718, Mr. Justice White delivered the opinion of the court, in part as follows:

The United States can not, any more than a State, interfere with private rights except for legitimate governmental purposes. They are not included within the constitutional prohibition which prevents States from passing laws impairing the obligation of contracts, but equally with the States they are prohibited from depriving persons or corporations of property without due process of law.

That is the due process of law guaranteed under the fifth article of amendment to the Constitution.

I need not quote further from the decision, but the dissenting opinions rendered in the same case more emphatically declare the same doctrine, in brief, that the Congress of the United States has no authority to violate a contract in which the Government is one of the parties. Therefore, if by operation of the law the Government bonds that are outstanding to-day are payable in gold of the weight and fineness provided by law at the time of the issuance of those bonds, there is no act of Congress which, by devaluation of the gold dollar or any other act of Congress, can violate that obligation.

The VICE PRESIDENT. The Senator's 30 minutes on the amendment have expired.

Mr. BLAINE. I will take the balance of the time on the bill. I have not taken any time on the bill.

The VICE PRESIDENT. The Senator has one hour on the bill.

Mr. BLAINE. I desire to review another class of cases, namely, the Legal Tender cases.

Mr. WHEELER. Mr. President, will the Senator yield to me to make a brief statement?

Mr. BLAINE. I would prefer to finish. I am not going to consume a great deal of time.

The VICE PRESIDENT. The Senator declines to yield.

Mr. ASHURST. Mr. President, if we do not have an understanding now, it will be too late in 5 or 6 or 10 minutes. If the Senator wishes really to accommodate the Senate, he can probably make it manifest that we are not going to vote or that we are, so that we may know where we stand.

Mr. BLAINE. I want to assure the Senator from Arizona that I am engaged in no obstructive tactics.

Mr. ASHURST. I did not so infer.

Mr. BLAINE. I am undertaking a debate which I believe is legitimate. I have always accommodated the Senate. I appreciate that when a time is fixed, as may be proposed in this matter, that concludes my debate upon the proposition and I do not choose to conclude it under those circumstances.

Mr. ASHURST. I would be delighted to stay and hear the Senator, but it would be a great accommodation to many of us to know whether we are going to have to remain until 10 o'clock. That is what I wanted to know.

Mr. MOSES. Mr. President, I thought that was determined yesterday.

Mr. GLASS. Mr. President, I can reassure the Senator of that. We are going to stay here until 10 o'clock.

Mr. BLAINE. I am in perfect agreement with the Senator from Virginia and with the Senator from New Hampshire. I think we ought to stay here until 10 o'clock, or even later if necessary, to transact the business of the Senate.

Mr. President, before the interruption I was discussing the Legal Tender cases. After all, the Legal Tender cases largely consist of the case of Knox against Lee, reported in Twelfth Wallace, page 457. The opinion written by Mr. Justice Strong is very voluminous, but as a matter of fact the whole case is stated in the syllabus. The first section of the syllabus is immaterial to a discussion of the question.

The second section of this opinion overruled the opinion in the case of *Hepburn v. Griswold* (8 Wall., 603) on the point only that—

The acts of Congress, known as the legal tender, are constitutional when applied to contracts made before their passage.

3. They are also valid as applicable to contracts made since.

In that case, involving what might be termed a damage suit for trespass, in an action to recover the value of certain sheep, an effort was made to prove the difference between the then value or the purchasing power of what was known as the greenback and gold and silver coins. That raised the question that was decided, the single question, and the court held that the legal tender acts were constitutional. I need read but a very few brief excerpts from the opinion. The court held that the legal tender acts were valid as to contracts entered into prior to the passage of those acts, as well as the contracts entered into thereafter, so far as making a tender of the amount due under those contracts was concerned, but particularly limiting the discussion and

conclusion to contracts to pay money generally, not to contracts, to pay some specifically defined species of money. I quote—

Mr. CONNALLY. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Texas?

Mr. BLAINE. I yield.

Mr. CONNALLY. That was all that was before the court.

Mr. BLAINE. Exactly.

Mr. CONNALLY. And the court could not decide something that was not in issue.

Mr. BLAINE. But the other matters had been before the court prior to that time.

Mr. CONNALLY. Yes; I know.

Mr. BLAINE. And I will discuss those.

Mr. CONNALLY. But will not the Senator concede that the only thing in issue in the Legal Tender cases was the tender of irredeemable paper money in discharging contracts calling for coin?

Mr. BLAINE. I not only concede it, but I asserted it while the Senator was absent from the Chamber.

Mr. CONNALLY. As soon as I heard the Senator was speaking, I returned to the Chamber; but let me suggest to the Senator that being true, the Legal Tender cases are not authority for anything except the one question that was there involved.

Mr. BLAINE. As to the Legal Tender cases, so characterized, he perhaps is correct, but the Legal Tender cases have antecedents, and the Senator will find that those cases have gone far beyond the question discussed in the case I am now considering.

Mr. CONNALLY. Will the Senator permit one other interruption, and then I shall not disturb him further? This is right on the point, if the Senator will indulge me.

The VICE PRESIDENT. Does the Senator from Wisconsin yield further to the Senator from Texas?

Mr. BLAINE. I yield.

Mr. CONNALLY. Does not the Senator though distinguish between the Legal Tender cases and any other case discussing generally the action of Congress where Congress is acting specifically under a specific grant of power? For instance, in none of those cases was the question presented to the court of a case in which Congress had already undertaken to regulate the value of money. Is not that much stronger than the incidental question raised in those cases?

Mr. BLAINE. I think the Supreme Court has definitely charted the course for the Congress. I merely want to quote a brief excerpt on page 458:

The argument assumes two things—first, that the acts do, in effect, impair the obligation of contracts, and second, that Congress is prohibited from taking any action which may indirectly have that effect. Neither of these assumptions can be accepted.

Exactly; the assumption was incorrect; the facts do not justify the contention that there was any attempt made by the Congress to impair the obligations of contracts in the first instance. In the second instance, the assumption that Congress is prohibited from taking any action which may indirectly have that effect relates entirely to different contracts and different subjects and not to the question of the constitutionality of the legal tender acts.

So much for that case. I am not going into these matters with a great deal of thoroughness; I merely want to have preserved in the RECORD some information which I believe may be of assistance to those who are considering this character of legislation. I do not refer particularly to Members of Congress; but because there is a general feeling abroad that Congress has the power to declare anything as money and then compel those who have entered into contracts to accept that character of money in payment of the contract, regardless of the terms of the contract, I think the minds of the people ought to be disabused of that thought.

Mr. GLASS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Virginia?

Mr. BLAINE. I yield.

Mr. GLASS. I want to ask the Senator a question merely for information. I was a boy at that time, taking only a boy's interest in current public affairs. Is it or is it not a fact that it was known that the Supreme Court was evenly divided on that proposition and that another member was added in order to get a decision in favor of the legal-tender quality of greenbacks, and that it was universally charged that the court was packed for that purpose?

Mr. BLAINE. That has been intimated. I have directed the attention of the Senate to the fact that that case did not involve primarily the question that confronts us. That case involved only whether or not the party upon whom the alleged trespass was committed could recover a certain species of money. That was the only question at issue in that case, and around and about that question arose the decision that the legal tender acts were constitutional, that is, that greenbacks were made lawful money for the payment of public and private debts. That statement practically covers the scope of the Legal Tender case, but the antecedents to that case were far more important and far more persuasive in connection with the subject to which I have directed my attention.

I will state briefly the facts from the record in the case of *Bronson v. Rodas*, reported in 7 Wallace, page 229:

In December, 1851, one Christian Metz, having borrowed of Frederick Bronson, executor of Arthur Bronson, \$1,400, executed his bond for the repayment to Bronson of the principal sum borrowed on the 18th day of January, 1857, in gold and silver coin, lawful money of the United States, with interest, also in coin, until such repayment, at the yearly rate of 7 per cent.

Those were the facts involved in that case, and the court, in considering the subject at some length, discusses the act of 1849 authorizing the coinage of gold double eagles and gold dollars conformable in all respects to the established standards.

I need not review that portion of the decision. I point out that the court said, Chief Justice Chase delivering the opinion, that:

Payment of money is delivery by the debtor to the creditor of the amount due. A contract to pay a certain number of dollars in gold or silver coins is therefore, in legal import, nothing else than an agreement to deliver a certain weight of standard gold, to be ascertained by a count of coins, each of which is certified to contain a definite proportion of that weight. It is not distinguishable, as we think, in principle from a contract to deliver an equal weight of bullion of equal fineness. It is distinguishable in circumstance only by the fact that the sufficiency of the amount to be tendered in payment must be ascertained, in the case of bullion, by assay and the scales, while in the case of coins it may be ascertained by count. * * *

But we need not pursue the subject further.

Says the court:

It seems to us clear beyond controversy that the act must receive the reasonable construction not only warranted but required by the comparison of its provisions with the provisions of other acts and with each other, and that upon such reasonable construction it must be held to sustain the proposition that express contracts to pay coined dollars can only be satisfied by the payment of coined dollars.

So a contract that is payable in gold of a certain weight and fineness, whatever the express terms of the contract may be, can only be paid in gold of that particular weight and fineness; and as I have pointed out, the Congress of the United States has no power over that contract. The law of contract rests with the State sovereignty under the police power of the respective States.

In the same volume of reports, in the case of *Butler against Horwitz*, page 258, the Chief Justice, delivering the opinion of the court, reviews these propositions. I shall quote but brief excerpts from that opinion:

It was not necessary—

Said the court—

in the case of *Bronson v. Rodas*—

Decided at the same term of court and, I assume, argued at the same term of court—

nor is it necessary now to decide the question whether the acts making United States notes legal tender are warranted by the Constitution. We express no opinion on that point, but assume, for the present, the constitutionality of those acts. Proceeding

upon this assumption, we find two descriptions of lawful money in use under acts of Congress, in either of which damages for non-performance of contracts, whether made before or since the passage of the currency acts, may be properly assessed in the absence of any different understanding or agreement between the parties.

That is, in the absence of an express agreement for payment in a particular species of coin or money, then any money that is declared legal tender by the Congress of the United States may be tendered in satisfaction of that contract and must be accepted; but quite different when the contract provides for the specific payment of a species of coin or particular character of money.

Again:

But the obvious intent, in contracts for payment or delivery of coin or bullion, to provide against fluctuations in the medium of payment, warrants the inference that it was the understanding of the parties that such contracts should be satisfied, whether before or after judgment, only by tender of coin, while the absence of any express stipulation, as to description, in contracts for payment in money generally, warrants the opposite inference of an understanding between parties that such contracts may be satisfied, before or after judgment, by the tender of any lawful money. * * * We are of the opinion, therefore, that under the existing laws, of which, in respect to legal tender, the constitutionality is, we repeat, in this case assumed, damages may be properly assessed and judgments rendered so as to give full effect to the intention of parties as to the medium of payment.

That appears to be perfectly clear.

When, therefore, it appears to be the clear intent of a contract that payment or satisfaction shall be made in gold and silver, damages should be assessed and judgment rendered accordingly.

Mr. President, going back to the case of *Knox v. Lee*—the Legal Tender cases—in Twelfth Wallace, page 549, it is said:

Contracts for the delivery of specific articles belong exclusively to the domain of State legislation, while contracts for the payment of money are subject to the authority of Congress, at least so far as relates to the means of payment. They are engagements to pay with lawful money of the United States, and Congress is empowered to regulate that money.

Mr. THOMAS of Oklahoma. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Kendrick	Robinson, Ind.
Austin	Couzens	Keyes	Russell
Bailey	Dale	King	Schuyler
Bankhead	Davis	Lewis	Sheppard
Barbour	Dickinson	Long	Smith
Barkley	Fess	McGill	Smoot
Bingham	Frazier	McKellar	Steiner
Black	George	McNary	Swanson
Blaine	Glass	Metcalfe	Thomas, Idaho
Bratton	Goldsborough	Moses	Thomas, Okla.
Broussard	Gore	Norbeck	Townsend
Bulkeley	Grammer	Norris	Trammell
Bulow	Hale	Nye	Vandenberg
Byrnes	Hastings	Oddie	Wagner
Capper	Hayden	Patterson	Walsh, Mass.
Carey	Hebert	Pittman	Walsh, Mont.
Connally	Howell	Reed	Watson
Coolidge	Hull	Reynolds	Wheeler
Copeland	Kean	Robinson, Ark.	White

The PRESIDENT pro tempore. Seventy-six Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment, in the nature of a substitute, proposed by the Senator from Montana [Mr. WHEELER] to the amendment proposed by the Senator from Louisiana [Mr. LONG].

Mr. GLASS. Mr. President, does the Senator from Wisconsin desire to discuss the question further?

Mr. BLAINE. I have concluded.

Mr. GLASS and Mr. LONG addressed the Chair.

The PRESIDENT pro tempore. The Senator from Virginia.

Mr. GLASS. Mr. President, I rise to move to lay the proposed amendment of the Senator from Louisiana on the table.

Mr. LONG. Mr. President—

The PRESIDENT pro tempore. That motion carries with it the amendment proposed by the Senator from Montana [Mr. WHEELER] to the amendment and the question is upon agreeing to the motion proposed by the Senator from Virginia.

Mr. LONG. Mr. President, would I have a right to discuss my own amendment?

Mr. ROBINSON of Arkansas. Mr. President, a motion to table is not debatable.

The PRESIDENT pro tempore. The point of order is sustained. The question is on agreeing to the motion proposed by the Senator from Virginia.

Mr. GLASS. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. HEBERT (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. NEELY]. I transfer that pair to the senior Senator from California [Mr. JOHNSON], and vote "yea."

Mr. KING (when his name was called). I have a pair with the junior Senator from California [Mr. SHORTRIDGE]. Not knowing how he would vote, I withhold my vote.

Mr. SWANSON (when his name was called). I have a pair with the senior Senator from Illinois [Mr. GLENN], which I transfer to the junior Senator from Mississippi [Mr. STEPHENS], and vote "yea."

The roll call was concluded.

Mr. SHEPPARD. I desire to announce that the senior Senator from Maryland [Mr. TYDINGS], the senior Senator from Mississippi [Mr. HARRISON], and the junior Senator from Mississippi [Mr. STEPHENS], if present and not paired, would vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Maryland [Mr. TYDINGS];

The Senator from Minnesota [Mr. SCHALL] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Iowa [Mr. BROOKHART] with the Senator from Missouri [Mr. HAWES]; and

The Senator from New Mexico [Mr. CUTTING] with the Senator from Mississippi [Mr. HARRISON].

I am advised that the Senator from Iowa [Mr. BROOKHART] and the Senator from Minnesota [Mr. SHIPSTEAD] would vote "nay" if present.

Mr. SHEPPARD. The senior Senator from Washington [Mr. DILL] is necessarily absent. If present, he would vote "yea."

Mr. McNARY. I desire to announce the unavoidable absence of the senior Senator from Idaho [Mr. BORAH]. If he were present, he would vote "yea."

I desire also to announce the unavoidable absence of the senior Senator from California [Mr. JOHNSON]. If he were present, he would vote "yea."

Mr. HOWELL. I have a pair with the senior Senator from Florida [Mr. FLETCHER]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. COSTIGAN (after having voted in the negative). I had a pair with the junior Senator from Connecticut [Mr. WALCOTT], but it was my understanding that that Senator was in the Chamber; hence I voted. In his absence, it will be necessary for me to withdraw my vote. If permitted to vote, I should vote "nay."

Mr. DAVIS. I transfer my pair with the junior Senator from Kentucky [Mr. LOGAN] to the senior Senator from Idaho [Mr. BORAH], and vote "yea."

The result was announced—yeas 56, nays 18, as follows:

YEAS—56

Austin	Coolidge	Hatfield	Reed
Bailey	Copeland	Hayden	Robinson, Ark.
Bankhead	Couzens	Hebert	Robinson, Ind.
Barbour	Dale	Hull	Smoot
Barkley	Davis	Kean	Steiwer
Bingham	Dickinson	Kendrick	Swanson
Black	Fess	Keyes	Thomas, Idaho
Bratton	George	McKellar	Townsend
Broussard	Glass	McNary	Trammell
Bulkley	Goldsbrough	Metcalf	Vandenberg
Byrnes	Gore	Moses	Wagner
Capper	Grammer	Oddie	Walsh, Mass.
Carey	Hale	Patterson	Watson
Connally	Hastings	Pittman	White

NAYS—18

Ashurst	Long	Reynolds	Thomas, Okla.
Blaine	McGill	Russell	Walsh, Mont.
Bulow	Norbeck	Schuyler	Wheeler
Frazier	Norris	Sheppard	
Lewis	Nye	Smith	

NOT VOTING—22

Borah	Fletcher	King	Shortridge
Brookhart	Glenn	La Follette	Stephens
Caraway	Harrison	Logan	Tydings
Costigan	Hawes	Neely	Walcott
Cutting	Howell	Schall	
Dill	Johnson	Shipstead	

So Mr. LONG's amendment was laid on the table.

Mr. GLASS and Mr. LONG addressed the Chair.

The VICE PRESIDENT. The Senator from Virginia.

Mr. GLASS. Mr. President, I want to proceed now with the consideration of the pending bill. We have wasted eight hours to-day; and when that was begun, we were considering the provision of the bill relating to the liquidating corporation. I yield to the Senator from New Jersey to offer his proposed amendment.

Mr. KEAN. Mr. President—

The VICE PRESIDENT. The Senator may not do that, but the Chair recognizes the Senator from New Jersey.

Mr. KEAN. Mr. President, I offer the following amendment.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from New Jersey proposes on pages 16, 17, and 18, to omit subdivisions (e), (f), and (g) of section 12 B.

Mr. KEAN. Mr. President, I offer this amendment because I have proven, I think, that the Federal reserve banks are easily able to pay the amount of money necessary to carry on this corporation, and I can not see why the member banks should be assessed against their will to create a corporation to take up badly managed banks over which they have no control, while the Federal reserve bank has the control. It has the examiners, it has all the machinery to inspect the banks, and therefore it ought to be responsible. If a bank fails, they are the people who ought to take it up and pay the depositors a proportion of the money according to the assets.

In addition to this, I believe this is the way the Federal Reserve Board said they wished to have the matter carried through.

Mr. LONG. Mr. President, I undertook to get the floor to discuss my own amendment, but the Senator from Virginia had entered into a voluntary unanimous-consent agreement that no Senator on this floor should discuss any amendment longer than 30 minutes. I had offered an amendment to the bill which had been discussed all day long, particularly by the Senator from Virginia, and as I rose to discuss my own amendment, I was done the distinct discourtesy by the distinguished Senator of having a motion made to table the amendment without my having the right of discussion.

I presume that is within the realm of recognized and confirmed courtesy. My having failed to receive my education upon that line, the experience which I have had renders my education more complete.

I had not understood that the distinguished Senator from Virginia was undertaking to railroad my own amendment in such a way as that. I had, on the contrary, felt that, proceeding with deference to others who wished to discuss the amendment, I was according them a courtesy.

Mr. GLASS rose.

Mr. LONG. I yield to the Senator from Virginia if he wishes to propound a question.

Mr. GLASS. I do not wish to propound a question.

Mr. LONG. That is the only purpose for which I will yield.

Mr. GLASS. I want to correct a statement made by the Senator from Louisiana.

Mr. LONG. Very well. If I am in error I would like to be corrected.

Mr. GLASS. The Senator from Louisiana had indicated to me that he would like to withdraw his own amendment;

that he did not desire to discuss it. That was more than an hour ago. I submit to the Senator from Louisiana that after we had wasted eight hours in discussion upon a proposition that has no relevancy whatever to the pending bank bill, it was about time to terminate matters. I had no idea the Senator from Louisiana wanted to discuss his amendment. As a matter of fact, I think if the Senator from Louisiana would examine his own inward thought he would find that I have relieved him from a very awkward situation.

Mr. LONG. No; I do not agree to that. I realize that I did state, amongst the efforts of others, including the Senator from Nebraska [Mr. NORRIS], that it would probably be better to let the amendment which has just been disposed of be considered as an independent matter. Having failed to reach that satisfactory adjustment of the matter, when the Senator undertook to present a motion to lay the amendment on the table, I rose, as the RECORD will show, I think, to undertake to discuss it, but the Senator persisted in his motion without debate.

However, I am sure the Senator at some future time will accord me more than he probably would have in view of what has happened in this particular matter. There is a matter, however, Mr. President, which I wish to present. I was not particularly averse to the early disposition of the amendment, but I am now compelled to use some of my time that I wanted to use in discussing the amendment to explain the situation presented by the former amendment.

Mr. WHEELER. Mr. President—

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Montana?

Mr. LONG. I yield.

Mr. WHEELER. I think it should be called to the attention of the Senate and of the people that both the Senator's amendment and my substitute were not beaten by legitimate votes opposed to the remonetization of silver, but they were to a large extent or a considerable extent defeated by those who have always pretended, at least, that they were for the remonetization of silver when they were talking to the people of their own States.

Mr. LONG. Mr. President, I have in my hand a resolution adopted by the Legislature of South Carolina in which they state, in effect, that through the action of the war and the part played in it by the United States, we have become the greatest creditor Nation of the world, and that notwithstanding that fact the people of the United States are in the midst of an economic crisis unparalleled in its history, and it is asked in this resolution of the Legislature of South Carolina that we remonetize silver.

A great deal has been stated as to what status we would occupy in remonetizing silver. There is quite a little misunderstanding as to the law. This matter has been rather hastily discussed. Congress has the power under the Constitution to regulate money. I do not quote the exact words, but it has the right to regulate the value of money. That is the right of Congress. A 10-year-old schoolboy who has been reading the late decisions of the Supreme Court of the United States knows that since 1920 there has been a long line of decisions holding that regardless of contracts which were entered into by the Government or by private bodies or by public bodies, it did not make any difference what those contracts were; that wherever the power to regulate was held in the public body it outweighed and overrode any contract that was made, public or private. Let me illustrate that to the point where I think anybody who has studied it, even as a layman, will have no doubt whatever as to the power of Congress to inflate currency, to change the value of the dollar, or to remonetize silver.

In the case of the San Antonio Railway Co., the city of San Antonio, acting under a contractual authority, had fixed the rate of fare over street railroads at 5 cents per person. That had stood for years and years. Eventually, however, the street-railway concern came to the United States Supreme Court claiming that the city of San Antonio had the power to regulate rates and to fix rates and charges, to fix the value of the service; and inasmuch as the city of San Antonio had the right to fix rates and regulate

rates, that any contract entered into by and between the city of San Antonio and the San Antonio Street Railway Co. was subject to the greater power of the city to regulate rates, and, therefore, the city having the right to regulate rates, the regulation must be reasonable.

That gave them the right to plead in the courts that their property was being confiscated without due process of law because the rate was not a reasonable rate giving them a fair rate of return. They had agreed and contracted as to the value of that service at 5 cents per passenger, but the Supreme Court of the United States held that, notwithstanding that situation, the power to regulate at all times warned whatever public or private contractor there was that the city at any time would have a right to impose a lower rate if the conditions justified it or that the concern would have the right to claim a higher rate if the circumstances required it in order that it might have a reasonable rate of return. That is No. 1.

Mr. President, in the case of the Southwestern Gas & Electric Co. v. The City of Shreveport and the Louisiana Public Service Commission, a concern owned by the Insull interests, as a member of the Public Service Commission of the State of Louisiana I found a number of contracts existing in which there had been a contract entered into guaranteeing that certain privately owned and operated factories could have gas supplied to them as low as 7 cents per thousand cubic feet; in other instances there were factories who had contracts signed, sealed, and delivered that fixed the rate of electricity as low as 1 cent per kilowatt. As a member of the Public Service Commission of the State of Louisiana, acting with two other members, as chairman of the board, I annulled those contracts giving 7 cents a thousand for gas and as low as 1 cent a kilowatt for electricity on the ground that the rate was unreasonably low.

On the contrary, there were contracts made with the city for street lighting fixing the rate much higher, and I annulled those contracts on the ground that they were unreasonably high. That case was carried to the Supreme Court of the State of Louisiana, and there I was upheld. I think it probably reached the Supreme Court of the United States on application for a writ, but in that case the Supreme Court of Louisiana, backed up by the Supreme Court of the United States under prior jurisdiction, held that wherever a body or State had retained the right to regulate a service, private contracts made by private parties to the contrary notwithstanding, the power to regulate was above and overrode and overcame the provisions of the contract.

I have first demonstrated the jurisdiction of the city and next the jurisdiction of the State. Now, coming to the United States, prior to the creation of the Interstate Commerce Commission there were all kinds of rates established throughout the country, a dollar per thousand pounds or 10 cents per hundred pounds or 7 cents per hundred pounds from one station to another. As a matter of fact, the Standard Oil Co. of New Jersey had an agreement under which it not only had a certain rate for itself but it had a contract with the railroads by which the railroads paid the Standard Oil Co. a certain portion of the freight which it charged the competitors of the Standard Oil Co. to haul oil produced by the independent interests. In other words, the contract was such that concerns like the big oil company not only received very low rates themselves but they were actually paid a part of the freight collected for hauling the oil of their competitors.

The Interstate Commerce Commission was created. Some of those cases, possibly not the oil cases, but cases involving the same principle, went to the Supreme Court of the United States, and what did they hold? While the Congress of the United States up until that time had never asserted the right to regulate rates or to regulate the charges of commerce between the States, the Supreme Court held that notwithstanding the fact that Congress had laid dormant about the matter, just as it has about remonetizing silver, just as it has about inflating the currency, just as it has about cheapening the dollar, the Supreme Court said the facts were that

there was in the Constitution of the United States the power of Congress, whenever it saw fit, to regulate interstate commerce; and therefore, regardless of any kind of contract or stipulation that had been made before the Interstate Commerce Commission was created, that when the Congress of the United States saw fit to create the Interstate Commerce Commission, that commission, vested with powers and functions to control interstate commerce, could wipe out whatever private contracts had been made and fix rates and charges of freight on the railroads from that time forward.

That was the United States acting under its power to regulate as I have also illustrated the power of the States to do under their power to regulate, and the powers of the municipalities operating by authority of the States, and boards and commissions acting by authority of the States, to regulate and to cancel private contracts which might be made. Why? Because we have reached the very condition that we might have anticipated. When the years rolled on and on it developed that the commerce of the country could not survive under the rate structures and charges and schedules that were being assessed at that time. That was the situation. I think there were public agreements; at any rate, there was an agreement made by the people of San Antonio, Tex., with the San Antonio Street Railway Co., and there were hundreds of thousands of that kind of private contracts made on the part of the public, and yet no one heard from these distinguished defenders of the right of contracts when they were trying to protect the people. If they had been doing it there would not have been anything but 5-cent fares over the street railroads in those cities to-day.

There were further agreements and regulations and contracts made for rights of way and made as a condition precedent for the railroads to go into the States. Some of them were grants of land, some of them were grants of other franchises, by which the railroads were bound not to charge more than 3 cents per mile per passenger, and yet when the time came that the Interstate Commerce Commission wanted to grant the request of those railroads to raise that fare from 2 or 3 cents up to 3.6 cents per mile per passenger, they did not pay any more attention to those private stipulations and contracts than if they had not been written.

On the contrary they went into the Supreme Court of the United States and that court said it did not make any difference what kind of a contract had been made, what kind of specie had been prescribed or how much had been prescribed; that when the time came that regulation in the public interest suggested that something else should be done, those private agreements had to be canceled. That is the law, so why spend days of the time of the United States Senate discussing a question that is as axiomatic as that the sun will rise when the morning comes? That is the law.

Why should my friend the distinguished Senator from Pennsylvania [Mr. REED] or the distinguished Senator from Wisconsin [Mr. BLAINE] labor so hard and talk about the great sacred rights of contract to be paid in this or that species of a certain standard of weight and fineness, when we had contracted that we should pay certain species and certain prices, but when the time came that the general public of the United States required it, Congress could exercise its power to regulate the situation with regard to commerce because it had the right to regulate the situation with regard to commerce?

So it is, Mr. President. If Congress does not feel to-day that privately made contracts are a benefit to the country, and if we have arrived at a time when we have become enmeshed and covered up with a debt structure that is threatening to break the backbone of the people, then the great Government of the United States, under its power to regulate, in order to relieve a condition growing out of private contracts that is destroying property, has the right to invoke its power to regulate money, and that power to regulate can not be taken away or obstructed by any kind of an agreement or anything else that Congress has done in the meantime.

The power to regulate, Mr. President, can not be bartered away. It does not make a bit of difference if the United States Government has entered into 40,000 contracts or

written \$10,000,000 worth of bonds or \$10,000,000,000 worth of bonds, the power to regulate money can not be bartered away by any officer of the United States Government or by anybody else.

Whenever a man buys a bond he buys it with his eyes open, and there is a right of the United States Government, at whatever time the welfare of the people may require it, to change the money according to such standards of weights and fineness as the circumstances may require at the time.

Mr. WHEELER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Montana?

Mr. LONG. I yield.

Mr. WHEELER. There was no complaint at all on the part of the bondholders and the rest of the creditor class when we demonetized silver.

Mr. LONG. Oh, no.

Mr. WHEELER. But now when we are talking about re-monetizing silver and giving the people back their money, then the creditor class begin to say, "You are destroying the value of my contract that you entered into."

Mr. LONG. Exactly. Let me elaborate on that. There has not been any change in the Constitution of the United States on the money question since 1873; and up to 1873, under the Constitution of the United States, silver was monetized and was good money. However, without any change in the Constitution of the United States, they demonetized silver; and they tell us that since this kind of a fraud had been pulled off—and I say it was a fraud; President Grant himself said he did not know he was demonetizing silver when he signed the bill; and if he had, he would not have signed it—since they pulled off on the people of the United States this skin game of demonetizing silver without amending the Constitution of the United States in any respect or particular they now come back and tell us that we can not invoke the Constitution, which says that gold and silver shall be coined by the United States.

This is not a harsh principle of Government, and it has been resorted to by the wealthy class in the past years over and over again. It would not have made any difference if the United States Government had contracted with the House of Morgan that it would pay it off an obligation in gold of a certain weight and certain fineness; it would not have made any difference just what the United States Government might have agreed. The United States Supreme Court has stated that the congressional power can not be bartered away for any length of time or by anybody. The power to regulate that is given to the Congress or given to any State. It can not be bartered away or traded away. At any time, whenever the authority acts reasonably and within its functions under the law to enforce its power to regulate, its action can not be disputed, except where it is specifically allowed by law.

That being the case, Mr. President, this matter is not difficult at all. I believe the Senator from Arkansas was convinced this morning that his original view of the matter was wrong when he spoke of the Government's having issued its bonds and specified that they would be paid in dollars, and therefore, having specified payment in dollars, there might be something questionable about the moral side of it. Now let us discuss it from the moral side. From the legal side I think I have proved to the mind of everybody, beyond reasonable doubt, that there is no question about the right of the Government to regulate money whenever it wants to, but now let us discuss the moral side of the question.

When the United States Government sold a bond to me or to anybody else, when it sold me a hundred-dollar bond in 1918 or 1919 or 1920, what the United States Government sold me for my hundred dollars was a hundred dollars' worth of goods, commodities. I come back to-day and I say to the United States Government, "It has now so happened that the hundred dollars that I invested with you in 1920, which in 1920 would have bought four-fifths of 1 bale of cotton, will now buy 4 bales of cotton." Are we going to stand here and say to the people, 120,000,000 of them, that they do not have just as much right to depend upon the Congress

of the United States to protect them as did the man who bought the bonds? Are we going to say that there is anything immoral because we insist upon giving that man everything he invested at the time? Has not the man who has plowed from sunup until sundown got just as much right to claim the protection of the Government to maintain the value of the dollar as the man who bought the bonds? Is there not just as much right in 120,000,000 American people to demand a currency or a medium of exchange that is reasonable to them as there is right on the part of the man who has bought the bonds who toils not, who spins not, yet Solomon arrayed in all his beauty was not nearly so good to look at as one of them?

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Oklahoma?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. It has been stated on the floor this afternoon that we have outstanding \$20,000,000,000 of bonds.

Mr. LONG. That is right, payable in gold of a certain standard weight and fineness.

Mr. THOMAS of Oklahoma. Those bonds were issued in connection with the World War in 1917 and 1918, when the dollar was worth 50 cents. If the dollar goes to 100 cents then the people owe in value twice the amount to pay for the bonds that they received for the bonds. So when the dollar went to 100 cents we had in existence, in value, \$40,000,000,000 of bonds outstanding. Is that correct?

Mr. LONG. That is right.

Mr. THOMAS of Oklahoma. The record shows that the dollar now is worth more than a dollar and a half. So we would have to add \$20,000,000,000 more.

Mr. LONG. Yes; that would be \$60,000,000,000.

Mr. THOMAS of Oklahoma. So the \$20,000,000,000 of bonds are now worth \$60,000,000,000.

Mr. LONG. That is right, as against a total property value in the United States, under present commodity prices of less than \$200,000,000,000. Under this theory the bondholders of the United States Government to-day own \$60,000,000,000 of the \$200,000,000,000 worth of property we have in this country.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

The VICE PRESIDENT. Does the Senator from Louisiana yield further to the Senator from Oklahoma?

Mr. LONG. I yield for a question.

Mr. THOMAS of Oklahoma. If it be true that the holders of these bonds have a value worth \$60,000,000,000, it must be true that they have a value of \$40,000,000,000 which they did not buy and did not earn?

Mr. LONG. That is right.

Mr. THOMAS of Oklahoma. And they are now objecting to surrendering that \$40,000,000,000 that they did not buy and did not earn, and that is the real power behind this bill objecting to the remonetization of silver and inflation?

Mr. LONG. That is the power behind the throne; that is the power that objects; that is the power, like the big banking houses that protest loudly and lustily whenever an effort is made to protect the American people by the exercise of the right of the Government to regulate and standardize the dollar on a livable basis. Some banking houses took their lawyers, went into the courts of the United States Government, and had private contract after private contract annulled on the ground that the United States Government had the right to regulate rates and charges and services in such an amount as would protect them. Now they come back here and lift up their arms in holy horror and say the United States Government has not any right to regulate the coinage and the value of money because it will help 120,000,000 people.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Oklahoma?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. If the bonds, then, have increased in value, is it not true that the interest rate has likewise increased in value, so that if the people at one time had to pay 3½ per cent interest that rate has increased three times, until now the people have to pay interest at the rate of three times 3½ per cent or 10½ per cent on \$60,000,000,000 of Government bonds?

Mr. LONG. That naturally follows.

Mr. THOMAS of Oklahoma. May I ask the Senator another question?

The VICE PRESIDENT. Does the Senator from Louisiana yield further to the Senator from Oklahoma?

Mr. LONG. Yes.

Mr. THOMAS of Oklahoma. Does the Senator think that the people of the United States can ever pay \$60,000,000,000 of bonds with an annual interest rate of 10½ per cent?

Mr. LONG. They can not.

Mr. THOMAS of Oklahoma. If that be true, what are these bonds worth to-day?

Mr. LONG. They are eventually going to be worth nothing; they are going to be swallowed up in smoke in this country some day.

Mr. THOMAS of Oklahoma. The distinguished Senator from Virginia this afternoon made the suggestion that some sort of paper money might be good for papering the walls or some other necessary or unnecessary purpose. Does not the Senator think that these bonds are worth just about as much as the money of which the Senator spoke?

Mr. LONG. They will be worth less than that, because they are not going to have any wall to paper if they keep on with this kind of business in this country. That will be the only difference. Mr. President, they are pulling the temple down on themselves just as fast as they can. There never was a man who was given a rope with which to hang himself who is hanging himself any faster than the financial powers of the United States of America are doing to-day. Many times, in my short and uneventful career, I have stood at the bar of criminal justice and plead for the life of a man who was about to be sentenced, perhaps to be hung. I have never more sincerely plead for the life of a man in my life than I have plead for the liberty and lives of the financial powers of this country since I came to the Senate almost one year ago to-day. They do not realize they are pulling the house down on themselves.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield further to the Senator from Oklahoma?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Louisiana yield for that purpose?

Mr. LONG. I yield for that purpose.

Mr. GLASS. Has there been any business transacted since the last quorum call?

The VICE PRESIDENT. There has been a motion to lay on the table, which was carried, since the last roll call.

Mr. GLASS. Very well.

The VICE PRESIDENT. The Secretary will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Carey	Goldsborough	Lewis
Bailey	Connally	Gore	Long
Bankhead	Coolidge	Grammer	McGill
Barbour	Copeland	Hale	McKellar
Barkley	Costigan	Hastings	McNary
Bingham	Couzens	Hatfield	Moses
Black	Dale	Hayden	Nye
Blaine	Davis	Hebert	Oddie
Bratton	Dickinson	Howell	Patterson
Broussard	Dill	Hull	Pittman
Bulkley	Fess	Kean	Reed
Bulow	Frazier	Kendrick	Reynolds
Byrnes	George	Keyes	Robinson, Ark.
Capper	Glass	King	Robinson, Ind.

Russell
Schuyler
Sheppard
Smith
Smoot

Swanson
Thomas, Idaho
Thomas, Okla.
Townsend
Trammell

Vandenberg
Wagner
Walcott
Walsh, Mass.
Walsh, Mont.

Watson
White

The VICE PRESIDENT. Seventy-three Senators have answered to their names. A quorum is present. The Senator from Louisiana has the floor.

Mr. LONG. How much time have I, Mr. President?

The VICE PRESIDENT. The Senator has seven minutes.

Mr. LONG. Mr. President, the Senator from Virginia [Mr. GLASS] has informed me that he will not object to my time being extended 15 minutes on this question. I ask unanimous consent that I may have 15 more minutes.

The VICE PRESIDENT. Is there objection to the time of the Senator from Louisiana being extended 15 minutes? The Chair hears none, and the Senator has 22 minutes left.

Mr. LONG. Mr. President, the discussion which I made for a few minutes on the power of Congress to fix the value of money was made at a time when some of the distinguished lawyers of the Senate were not here. Therefore, I shall very briefly allude to just what I said.

Up until 1920 there had not been any judgment by the Supreme Court of the United States on the questions of the power of Congress, or of the States, or of other authority, to regulate, overcome, and override a contract that might have been made.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. THOMAS of Oklahoma. Has business been transacted since the last point of no quorum was made?

The VICE PRESIDENT. The Chair thinks not.

Mr. LONG. The only thing that was done was an extension of my time.

Mr. THOMAS of Oklahoma. A unanimous-consent agreement was had for an extension of time for the Senator from Louisiana.

The VICE PRESIDENT. The Chair does not consider that business within the rules. Unanimous consent was granted immediately after the roll was called. The Chair would hold that another request for a roll call at this time would not be in order.

Mr. LONG. I do not suppose—

The VICE PRESIDENT. The Senator from Oklahoma was asking a parliamentary question and has the floor.

Mr. LONG. I am talking now in my own right, Mr. President. I am not talking through the Senator from Oklahoma, but in my own right.

What I had said, Mr. President, was—this may sound a little bit shocking to the ears of some of our constitutional lawyers, but they will find it to be the law—that it does not make any difference what kind of a contract is entered into by a city, nor by a State, nor by the United States on rates, charges, or anything else. If the municipality has a right to regulate, it overcomes any right to make a contract, and the contractual regulations have to give way to the general power of regulation. If the State has the power to contract and to regulate, the contractual regulations have to give way to the regulations in the public interest; and the same thing is true with the Government.

The United States Government can not barter or give away in any respect or particular the right to regulate. The fact that for these many years the United States Government may not have exercised the right to regulate is of no importance whatever. The fact is that the United States has the right, at whatever time it sees fit, to regulate the currency and the value of the dollar of America.

For instance, when we created the Interstate Commerce Commission there were many, many outstanding contracts. There were contracts with agencies of a State; there were contracts with agencies of municipalities; there were contracts with agencies of the United States, providing for various and sundry rates and charges and service to be performed by common carriers of the United States.

There were contracts outstanding with private individuals providing for certain rates and certain services to be per-

formed and rates to be charged for that service; yet the Congress of the United States created the Interstate Commerce Commission, and the Interstate Commerce Commission wiped out and set aside millions and millions of dollars' worth of contracts and regulations that were valued at 100 cents on the dollar until the power of Congress to regulate commerce spoke.

The same thing prevails on the money situation. The Senator from Wisconsin [Mr. BLAINE] has read an old decision back in 8 Wallace, before they ever heard of regulating. The power never had been invoked by Congress up until that time. Up until the San Antonio Street Railway case I might say that it was almost a dormant power of government, of which no authority had ever availed itself; and it probably never would have been availed of except that public necessity required that contracts be set aside in the greater public interest.

What was decided in the San Antonio Railway case?

In the San Antonio Railway case the city of San Antonio contracted with the San Antonio Street Railway Co. for a 5-cent fare. The time came when the San Antonio Street Railway Co. could not operate on a 5-cent fare, so the San Antonio Street Railway Co. went into the United States court and said, "We demand an increase in our rates because under the conditions now prevailing we are unable to operate and discharge our duty as a common carrier and have a fair return at a 5-cent fare."

What did the Supreme Court of the United States say? They did not say, "This contract, made between the city and the street-railway company, is binding." They said that the power to regulate can never be bartered away nor traded away; that wherever a contract is made, and the interest of the public requires that a regulation be imposed, the contract is not worth the paper it is written on.

What about the Goulds when they got all of these land grants all through the United States, and what about the other railroads when they were getting all these grants? Why, Mr. President, in contract after contract, many, many things were agreed upon by these railroads. In many instances they contracted with States. In other instances they contracted with private individuals. In some instances they contracted that their passengers would be hauled for not to exceed 2 or 3 cents a mile. They contracted for freight rates. They contracted for service free of charge to municipalities. Lo and behold! when the time came that the United States was called upon to exercise its arm of regulation, those contracts were swept aside because of the fact that the power to regulate had to be a reasonably exercised power, and therefore contracts made were of no value whatever, and they were swept aside.

To-day, Mr. President, the railroads all over the United States are charging 3.6 cents per mile passenger fare, notwithstanding the fact that innumerable contracts had been entered into that forbade them from charging more than 2 or 3 cents a mile, just as in the case of freight charges there were any number of private contracts prevailing at the time Congress created the Interstate Commerce Commission providing that they would charge a certain amount to haul a certain amount of goods a certain number of miles. Any number of contracts were in existence providing that electricity would be furnished at such and such a rate; and yet when the time came that these corporations wanted to say that they had contracted for those charges and for that service when the dollar was worth considerably more than at the time of going into court, and that they could no longer render such service because the dollar had been cheapened, the United States Supreme Court invoked its arm and said that inasmuch as the dollar had been cheapened, therefore the Government of the United States, acting through its various commissions, supervised by its courts, would increase the rate that was being charged and the price of the service that was being rendered to make up for the cheapening of the dollar.

Now we are told that since the price of the dollar has gone up we can not invoke the arm of the Federal Government to cheapen the price of the dollar, whereas the same arm of

the Government was invoked to make up for the price of the dollar when it had become cheapened. It is a ridiculous proposition to argue the contrary. They have gone into the courts of this country all over the land and have invoked the arm of the law, and they have been forward enough in providing legislation for whatever was necessary regardless of contracts that were outstanding. I have stated the law. There is no question about its being the law.

Now, just a word on the amendment of the Senator from New Jersey. I voted against an amendment like this yesterday, but I do not know whether I am going to vote against this amendment to-day or not. I am seriously considering changing my mind. I do not know but what I am going to follow the line of thought that has prevailed with the Senator from Virginia here to-day.

I want to say this, Mr. President, that I have gone all over this country criticizing Mr. Andrew W. Mellon's policy as Secretary of the Treasury of the United States. I have gone all over this country criticizing Mr. Ogden Mills and his policy as Secretary of the Treasury of the United States. But I want to say, with the limited lights that I have before me and behind me, that if there is any difference between the policy of the Senator from Virginia and that of Mr. Andrew W. Mellon and Mr. Ogden Mills, I have not lights enough to discern the difference.

I want to say further that I want to be honest and I want to be fair and I want to be right about this matter; and the day that the President elect of the United States, in the exercise of a greater wisdom than I have, sees fit to put the portfolio of the Treasury in the hands of my good friend the distinguished Senator from Virginia I will write a letter of public apology to Mr. Andrew W. Mellon and Mr. Ogden L. Mills and say to them:

"At last I have been unanimously proven wrong, because your twin-bed mate and disciple in policy for the operation of the Treasury of the United States has been appointed your successor."

Mr. GLASS. Mr. President, it may be that the Senator from Louisiana had better begin cogitating on the letter.

Mr. LONG. I will not have to dictate very long. I have already made the apology public. I will make it more public, Mr. President.

I want to say that I did not approve of Mr. Mellon's policy. However, probably I misunderstood a great deal, and I will yield to greater lights than my own. I will not censure the appointment of the Senator from Virginia. It would not do me any good; it might help beat the Democratic Party four years from now. But I will not censure it; I will not say a word about it. I will simply yield and recognize that I have been at fault in all that I have said about Mellon and about Mills.

I believe in being honest and being fair about these matters. I never made a political statement in my life in which I was shown to be at fault by subsequent events that I did not show absolute frankness and a willingness to apologize and correct my mistake, and when a greater authority has shown me my error in having disapproved of the conduct and course of action of Ogden L. Mills and Andrew W. Mellon, I will be frank enough and willing enough to say that a super and higher authority than I has proved to the world that I am wrong about it, and I will make proper amends to Mr. Mellon and to Mr. Mills.

In that connection we may go a little farther, as I said here the other day, in arguing out the question of bimetallism. It is said that silver is not a controlled product and, therefore, that there is danger of the world being flooded with it. I suggested, when there was a reference to bimetallism, that we make the second metal aluminum, instead of silver, and we might come through. I am not sure but what that might enter the minds of our administration, and I am sure that if it does it will have the careful thought and the wonderfully digested opinion the Senator from Virginia could give it, if it ever came under his surveillance.

Mr. President, how much time have I left?

The VICE PRESIDENT. The Senator has seven minutes more.

Mr. LONG. I have such a short time to discuss these important matters that I am hurrying over them. If in my hurry I fail to reason them out, the Chair and the Members of the Senate will understand the impossibility of my covering them as thoroughly as I would like to cover them.

Mr. President, I know very little about the money question. I have realized since this matter has been in the course of discussion that I know less than nothing about the finances of the United States. But I realize that probably I am no more ignorant on the money question than many other Members of the Senate who have studied it for many, many years. I realize that it is an involved, complicated question, that the banking and other questions that are similar and are collateral to it are not possible of easy understanding to one with the limited means of education which I have had. But while I am discussing that matter, while we are discussing all the bank matters—and the Senator from Virginia, in speaking of these little banks, calls them pawnshops—I want to say that the one thing I have been unable to direct the attention of the Senate to an understanding of has been this, that the civilization of this country has been built up through these unit institutions, that the entire progress this country has enjoyed was due to the unit institution, and that it is the unit of value, the unit of operation, the independence of action, that means the safeguard of our liberties, economically, industrially, and in every other respect.

The Senator from Nebraska touched upon the point to-day that is the fundamental, underlying issue, and that is this. I realize that our currency will be to some extent a corrective, but I realize further that the great overwhelming disaster with which this country has been met is the failure to keep our wealth distributed in the hands of our people. That is the one trouble to-day. We have not been able to get a revenue bill from the other side of the Chamber brought here at this session, but if one had been presented, I had proposed to tack on to that bill, if I had been supported by Members of the Senate, sufficient stipulations to provide that at the death of every man there should be such an inheritance tax levied upon his estate that no one child could inherit more than a few million dollars.

What would that mean? The World's Work estimated the fortune of Andrew W. Mellon at \$8,000,000,000. It might have been less than that, it might have been more than that, but I just take that figure for the purpose of comparison. At the death of Mr. Andrew W. Mellon, if he died with a fortune of \$8,000,000,000, according to my ideas, if he had as many as five children—I do not know how many children he has—each one of those children would inherit \$5,000,000 apiece. Twenty-five million dollars would be inherited by his children. But \$7,975,000,000 would go into the United States Treasury. That would never hurt anybody, because each one of those children would be able to start out life with \$5,000,000, and it would give the Government of the United States \$7,975,000,000.

I would not allow any child to inherit more than \$5,000,000 when he had rendered no service whatever to anybody to warrant his receiving more than that. Unless we decide that we are not going to allow these huge fortunes to be pyramided and pyramided, the \$8,000,000,000 fortune in the next generation will be a \$16,000,000,000 fortune, and will continue growing until it has been destroyed by revolution. The only means by which we can avert such a calamity as the centralizing our wealth in the hands of a few people is by an inheritance tax, that will not allow the swollen fortune to grow through the next generation and accumulate.

Since 1916, when 2 per cent of the people owned 60 per cent of the wealth, we have allowed that condition to prevail, until to-day 1 per cent of the people own 60 per cent of the wealth and 60 per cent of the people in the United States do not own 3 per cent of the wealth. Three-fifths of our people, 60 per cent of our people, to-day do not own as much as they owe. We have allowed practically the entire wealth of this country to be concentrated into a few hands.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from New Jersey [Mr. KEAN].

Mr. KEAN. I suggest the absence of a quorum.

Mr. GLASS. Mr. President—

Mr. McNARY. Mr. President, a parliamentary inquiry.

Mr. GLASS. I have no objection to having a quorum. I want to state the purport of the amendment.

Mr. McNARY. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state the inquiry.

Mr. McNARY. The Senator from New Jersey has suggested the absence of a quorum.

The VICE PRESIDENT. The Senator from New Jersey was not recognized for that purpose.

Mr. McNARY. If I am recognized, I suggest the absence of a quorum.

The VICE PRESIDENT. The Senator can not rise for one purpose and suggest something else; but the Chair will recognize the Senator if he desires to raise the point of no quorum.

Mr. McNARY. I raise the point of no quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Dale	Kendrick	Schuyler
Bailey	Davis	Keyes	Sheppard
Bankhead	Dickinson	King	Smith
Barbour	Dill	Lewis	Smoot
Barkley	Fess	Long	Steiwer
Bingham	Frazier	McGill	Swanson
Blaine	George	McKellar	Thomas, Idaho
Bratton	Glass	McNary	Thomas, Okla.
Broussard	Goldsborough	Metcalf	Townsend
Bulkeley	Gore	Moses	Trammell
Bulow	Grammer	Nye	Vandenberg
Byrnes	Hale	Oddie	Wagner
Capper	Hastings	Patterson	Walcott
Carey	Hatfield	Pittman	Walsh, Mont.
Connally	Hayden	Reed	Watson
Coolidge	Hebert	Reynolds	White
Copeland	Howell	Robinson, Ark.	
Costigan	Hull	Robinson, Ind.	
Couzens	Kean	Russell	

The VICE PRESIDENT. Seventy-three Senators having answered to their names, a quorum is present.

Mr. GLASS. Mr. President, I would like to state briefly the objection to the amendment proposed by the Senator from New Jersey [Mr. KEAN]. He wants to exempt all the member banks of the Federal reserve system from this inconsequential assessment for the capital stock of the liquidating corporation which is being set up for the advantage of the depositors in these banks. He suggests the extraordinary theory that all of this capital should be supplied by the Federal reserve banks for the reason that the Federal reserve banks will have supervision of the liquidating corporation and that the member banks have no control.

But, Mr. President, the member banks have almost complete control of the Federal reserve banks themselves. Nine men constitute the boards of directors of the Federal reserve banks, and two-thirds of those men are selected by the member banks themselves; in other words, six of the nine members on each Federal reserve bank board are selected by the member banks themselves, and but three members are selected by the Federal Reserve Board as representatives of governmental and other interests. Therefore the member banks have complete control of the Federal reserve banks themselves and can manage them according to their best fiscal judgment.

Moreover, for years and years the Congress has been importuned by member banks of the Federal reserve system to increase the dividend allowance of the statute to member banks. They have insisted over and over again, and to-day are insisting that they should receive a larger dividend than a cumulative 6 per cent. It was the idea of your subcommittee and of the general Committee on Banking and Currency that this provision for a liquidating corporation would be to the member banks perhaps the most attractive provision of the whole bill, because it would assure their depositors that in the event of a failure they would be promptly taken care of and not be required to go over a prolonged

period of deprivation in the settlement of the affairs of the bank by a receiver. It was conceived that the earning capacity of the liquidating corporation would be such as to enable it to make a material contribution in dividends to the member banks, and thus in that way and in that measure satisfy the repeated demands of the member banks for a larger dividend out of the earnings of the Federal reserve banks.

Therefore, your committee, both the subcommittee and the general Banking and Currency Committee, thought it was a very inviting provision of the bill. The assessment against the member banks is inappreciable, one-quarter of 1 per cent upon their deposits, one half of which is to be callable in 90 days and the other half perhaps never to be called; so that in the last analysis it amounts to an inconsequential assessment of one-eighth of 1 per cent upon the deposits of member banks contributing to a liquidating corporation that gives assurance to their depositors.

Therefore I hope very earnestly that the Senate will vote down the amendment of the Senator from New Jersey.

Mr. KEAN. Mr. President, the Federal Reserve Board is organized and located, of course, here in the city of Washington. Next they have members who are dictated by the Government, and next they have the banks divided according to their capital. Those banks elect different members from different trades as members of the board. The member banks have very little to say. While it is true that they vote their stock, yet word is usually sent around that so-and-so has been nominated and they have very little to say about who shall be the governors of the Federal reserve banks.

In addition to that the Federal reserve banks have made large sums of money year by year. They have under them examiners. They have all the information as to how the different banks are doing, while the member banks have no such information. Therefore the member banks are charged and taxed without their will. It does not make any difference how much the amount may be, if they are taxed against their will to put this money into the liquidating corporation, I say that the Federal reserve banks ought to be the ones having all the information, being in a position to watch the banks, being in a position to know exactly what their assets are. They ought to be the ones to pay in the money rather than the member banks.

Mr. GLASS. Mr. President, the Senator from New Jersey talks about the Federal reserve banks making money—to do what with it?

Mr. KEAN. To build marble castles in almost every town where they are located.

Mr. GLASS. That has nothing to do with it. They have good bank buildings, yes; but the earnings of the Federal reserve banks, we all should understand, are appropriated to the uses of the member banks. Every dollar of the surplus of any Federal reserve bank is devoted to the accommodation of the member banks when they want to rediscount.

The VICE PRESIDENT. The question is on the amendment of the Senator from New Jersey.

Mr. KEAN. I call for the yeas and nays.

Mr. METCALF. Mr. President, I wish merely to read a memorandum from the American Bankers' Association with reference to liquidating corporations:

First, with regard to the liquidating corporation (sec. 12 B, par. e) we believe that it is practically the unanimous judgment of bankers that the purposes of this bill would be better accomplished by omitting any contribution to the capital stock on the part of member banks. We feel that it is an unsound principle to call upon banks to contribute to the liquidating corporation directly. If the Congress were to require banks to contribute even a small amount for such a purpose, it would open the door, both in the national and State legislatures, to much larger contributions of the same sort and would be a direct step in the direction of guaranteeing bank deposits, which has proved unsound in practice wherever it has been tried.

Even if this fundamental and vital principle were not generally accepted, we call attention to the special circumstances existing at this time where many banks throughout the country are in a frozen condition, so that they could not make contributions to the liquidating corporation out of their capital stock and certainly could not be expected to make the contribution out of their depositors' money. Every effort is being made by the Government,

in cooperation with the strong banks in the various communities throughout the Nation, to strengthen the present situation and to obviate a recurrence of the unsettlement which existed to such a tragic extent a few months ago. To pass a law calling upon several thousand banks to make a contribution which they can not make would involve a very grave danger by stirring up a situation which is now under reasonable control. The amount involved is small. But the danger is great. By unanimous vote the Federal Reserve Board has recommended that it be eliminated from the section referred to, and we believe that the committee would be very wise to give most careful attention to this recommendation.

Mr. President, I hope that this advice from the American Bankers' Association will be carefully considered by Senators when they vote.

Mr. GLASS. Mr. President, of course, all banks want to be relieved of assessments, just as all taxpayers would like to be relieved of all taxes for the support of their Government. But this proposed liquidating corporation is an institution—

Mr. KEAN. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. KEAN. When the board of governors of the Federal reserve banks are willing to assume this expense it does not seem to me that all the banks wish to be relieved from it.

Mr. GLASS. Yes; all banks that pay their proportion, because the liquidating corporation is to take care of their depositors in the event of failure, and they ought to contribute to the capital stock.

The VICE PRESIDENT. Is there a second to the demand for the yeas and nays?

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I transfer that pair to the junior Senator from Maryland [Mr. GOLDSBOROUGH] and will vote. I vote "yea."

Mr. HEBERT (when his name was called). I have a general pair with the Senator from West Virginia [Mr. NEELY]. Not knowing how he would vote, I withhold my vote.

Mr. KING (when his name was called). I have a general pair with the junior Senator from California [Mr. SHORTRIDGE]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, not knowing how he would vote, I withhold my vote.

Mr. SWANSON (when his name was called). I have a general pair with the senior Senator from Illinois [Mr. GLENN]. I transfer that pair to the Senator from Arizona [Mr. ASHURST], and will vote. I vote "nay."

Mr. FESS. I wish to announce the following general pairs:

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Maryland [Mr. TYDINGS];

The Senator from Minnesota [Mr. SCHALL] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Iowa [Mr. BROOKHART] with the Senator from Missouri [Mr. HAWES]; and

The Senator from Nebraska [Mr. NORRIS] with the Senator from Mississippi [Mr. HARRISON].

Mr. SHEPPARD. I desire to announce that the Senator from Mississippi [Mr. HARRISON] is necessarily absent. If present, he would vote "nay."

The result was announced—yeas 25, nays, 43, as follows:

YEAS—25

Austin	Dickinson	McNary	Steinwer
Barbour	Frazier	Metcalf	Thomas, Idaho
Bingham	Hale	Moses	Watson
Capper	Hastings	Oddie	White
Carey	Hatfield	Patterson	
Dale	Kean	Reed	
Davis	Keyes	Schuyler	

NAYS—43

Bailey	Bulkley	Costigan	Glass
Barkley	Bulow	Couzens	Gore
Black	Byrnes	Dill	Grammer
Bratton	Connally	Fess	Hayden
Broussard	Copeland	George	Howell

Hull	Norbeck	Sheppard	Trammell
Kendrick	Nye	Smith	Vandenberg
Lewis	Pittman	Smoot	Wagner
Long	Reynolds	Swanson	Walcott
McGill	Robinson, Ark.	Thomas, Okla.	Walsh, Mont.
McKellar	Russell	Townsend	

NOT VOTING—28

Ashurst	Cutting	Johnson	Schall
Bankhead	Fletcher	King	Shipstead
Blaine	Glenn	La Follette	Shortridge
Borah	Goldsborough	Logan	Stephens
Brookhart	Harrison	Neely	Tydings
Caraway	Hawes	Norris	Walsh, Mass.
Coolidge	Hebert	Robinson, Ind.	Wheeler

So Mr. KEAN's amendment was rejected.

Mr. WALSH of Montana. I sent to the desk a few days ago an amendment to come in at page 36. I ask that it may be stated.

The VICE PRESIDENT. Let the amendment be stated.

The LEGISLATIVE CLERK. On page 36, in line 6, it is proposed to strike out the word "general."

Mr. WALSH of Montana. Mr. President, I understand the Senator from Virginia is not quite through with the feature of the bill to which prior amendments have been directed. I therefore withdraw my amendment for the time being.

The VICE PRESIDENT. The Senator from Montana withdraws his amendment.

Mr. GLASS. Mr. President, I do not know of any other amendment to the provision relating to the liquidating corporation. There may be one—

Mr. LONG. I have one, Mr. President, which is at the desk.

Mr. GLASS. Very well, I hope we may consider it right away.

Mr. LONG. I would rather consider the amendment of the Senator from Montana, but I am willing to offer my amendment if that is more satisfactory to the Senator from Virginia.

Mr. GLASS. The amendment of the Senator from Montana is unobjectionable.

Mr. LONG. Then I will offer mine.

The VICE PRESIDENT. The Senator from Louisiana offers an amendment, which will be stated.

Mr. METCALF. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield to the Senator from Rhode Island if I can do him any favor thereby.

Mr. METCALF. I merely wish to offer another amendment on the same subject we have been considering.

Mr. LONG. Then I withdraw my amendment temporarily to allow the Senator from Rhode Island to offer his amendment.

Mr. METCALF. I do not think it will take any time.

The VICE PRESIDENT. The Senator from Louisiana withdraws his amendment, and the Senator from Rhode Island is recognized.

Mr. METCALF. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 17, in line 7, it is proposed to strike out "one-fourth" and to insert in lieu thereof "one-eighth," and also on page 17, line 15, to strike out "one-fourth" and to insert in lieu thereof "one-eighth."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Rhode Island.

Mr. METCALF. Mr. President, I merely wish to make it as easy as possible for the small banks. The amendment, if agreed to, will accomplish that purpose, and I hope the Senator from Virginia will agree to it. I think with a one-eighth subscription there will be enough money in the corporation to do all that the Senator from Virginia hopes it will do.

Mr. GLASS. I will say to the Senator that the assessment is inappreciable, and we have no idea that the second call will ever be required, so that really, in fact, the call will be one-eighth; but I think as a precaution it ought to be one-fourth of 1 per cent as now required by the bill, and I hope the Senator will not press the amendment.

Mr. METCALF. I will withdraw the amendment with that understanding, and I thank the Senator.

The VICE PRESIDENT. The Senator from Rhode Island withdraws his amendment.

Mr. WALSH of Montana. Mr. President, the amendment tendered by me simply applies to the word "general" in line 6, page 36. I understand the Senator from Virginia to say that there is no objection to it, but I desire to call his attention in this connection, and that of the Senator from Michigan, who exhibited some interest in this matter, to this feature of the bill.

It was the purpose of the drafters of this bill, as I take it, to prohibit the national banks from dealing in securities that could not be very readily convertible and that would be likely to be frozen in their hands. The bill provides that—

The limitations herein contained as to investment securities shall not apply to * * * general obligations of any State or of any political subdivision thereof.

The Senator from Michigan [Mr. COUZENS] conceived the idea that if the word "general" were eliminated, then obligations of improvement districts would be available for purchase by the national banks. I call attention to the fact that whether the word "general" is in the bill or is not in the bill securities of that kind would be eligible for purchase. As I understand the matter, it is not the intention of the Senator from Virginia or any of those interested in the passage of the bill that such securities should be eligible for purchase. But observe, Mr. President, it provides that the eligible securities shall include—

obligations of any State or of any political subdivision thereof.

An improvement district is a political subdivision of a State, and ordinarily it has only one class of securities outstanding, which, of course, would be general obligations, so that they would become eligible under this provision. If they were to be excluded, as I think they ought to be excluded, some additional language ought to be incorporated, and at the request of the Senator from Michigan I have suggested that there be included the following:

After the word "thereof," as it appears in line 7, on page 36, the following might be inserted to reach that end:

"Not including, however, obligations of improvement districts and other districts of like character payable out of taxes imposed upon the property within such district presumably to be benefited by the work for the prosecution of which such obligations were issued."

Some such language as that will be necessary to exclude obligations of that character, in my judgment.

The Supreme Court of the United States has held that an improvement district is a political subdivision of the State, and, accordingly, if the language is left as it is, the securities of such district would be eligible for purchase.

Mr. GLASS. Mr. President, is the Senator under the impression that what we are trying to do here is to exclude obligations of the United States, general obligations of States, or political subdivisions thereof?

Mr. WALSH of Montana. No; my understanding is that you desire to make those eligible.

Mr. GLASS. Yes.

Mr. WALSH of Montana. But the point I am making is that under this language you make the obligations of general improvement districts, sewer districts, and parking districts eligible.

Mr. GLASS. No; we had not intended to do that.

Mr. WALSH of Montana. That was my understanding; but I say to the Senator that I am perfectly satisfied that with the language you have here, such obligations are eligible.

Mr. GLASS. I shall be very glad, so far as I am concerned, to accept the amendment.

Mr. COPELAND. Mr. President—

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from New York?

Mr. WALSH of Montana. I yield to the Senator from New York.

Mr. COPELAND. Do I understand that the Senator from Montana is proposing two amendments—first to strike

out the word "general" on line 6, and then to add certain language?

Mr. WALSH of Montana. I have done that at the suggestion of the Senator from Michigan [Mr. COUZENS].

Mr. COPELAND. I am very much in favor of the first amendment. We discussed it the other day. I think that word certainly ought to come out. I am not so sure about the language proposed in the second amendment. That would have no relation, I should assume, to any activity within a city.

Mr. WALSH of Montana. Of course, many cities—indeed, practically all cities—create improvement districts of one kind or another; and it was the contention, in the discussion of the subject the other day, that those ought not to be made eligible for purchase.

Mr. COPELAND. I should like to inquire from the Senator—I am sorry one of the Senators from Illinois is not here—what would happen to the Drainage District in Chicago?

Mr. WALSH of Montana. The obligations of the drainage district would not be eligible.

Mr. GLASS. Those obligations are eligible for purchase by the Federal reserve banks in open-market transactions, but they ought not to crowd up the portfolios of member banks.

Mr. COPELAND. Mr. President, I think we might well accept the first amendment offered by the Senator from Montana.

Mr. GLASS. I feel at liberty to accept that, and have accepted it.

Mr. WALSH of Montana. Let me ask, then, that that amendment be passed on.

Mr. COUZENS. Mr. President, I should object to the elimination of the word "general" unless the amendment proposed by the Senator from Montana were accepted or agreed to. In other words, eliminating the word "general" would require or permit the members of the Federal Reserve System to take these local and special assessment district bonds which would be payable only out of the revenues of that specific district.

Many millions of bonds issued under these special districts are now in default, because the revenue is derived solely from the taxes on the specific property. That property may be made up entirely of vacant subdivisions, from which no revenue could be obtained unless the property were sold. It is quite probable that these districts, not being able to sell the real estate, would not be able to pay the special-assessment bonds; and I think the Federal reserve banks should not be loaded up with those securities.

Mr. WALSH of Montana. I think, perhaps, the Senator was not in the chamber when I addressed myself to this subject originally. I am calling attention to the fact that whether the word "general" is in there or is not in there does not in any wise, whatever, affect the matter of the eligibility of the securities the Senator has in mind.

Mr. COUZENS. May I ask the Senator at this point whether those special-assessment district bonds would not be eligible if the word "general" were taken out?

Mr. WALSH of Montana. No. They will be eligible, under the language of the bill, whether the word "general" is in there or is not in there.

Let us suppose that it is taken out. You have, then, "the obligations of any State or of any political subdivision thereof," which would include the improvement district. Leave it in, and you have "the general obligations of any State or of any political subdivision thereof"; and as an improvement district is a political subdivision, you then make eligible the general obligations of the improvement district, and ordinarily they have only one class of obligations.

So that the word "general" does not in any wise affect that question. That question is controlled by the language "or of any political subdivision thereof." So that the two are unrelated. The word "general" put in there applies to the obligations of the State, so that special obligations of the

State would not be eligible; but when you come to the matter of the political subdivisions, the general obligations of every political subdivision become eligible; and an improvement district, under the decisions of the Supreme Court of the United States, is a political subdivision.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. COUZENS. I do.

Mr. LONG. What was the suggested amendment?

Mr. WALSH of Montana. I suggested, in order to meet the views expressed by the Senator from Michigan, the incorporation after the word "thereof" of the following:

not including, however, the obligations of improvement districts and other districts of like character payable out of taxes imposed upon the property within such districts presumably to be benefited by the work for the prosecution of which such obligations were issued.

Mr. LONG. That is just what I am hoping the Senator will not offer. That is exactly what we are trying to keep out of the bill. If the word "general" is stricken out, I think that clears up the objection; but certainly the officers of these banks are to be presumed to have some reasonable intellect; and certainly if this is a public bond, whether it is of an improvement district or a drainage district or a sewerage district or what it is, ninety-nine times out of one hundred they are paid. There are a few of them that are in default to-day, but that is not a bad thing.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LEWIS. Mr. President—

The VICE PRESIDENT. The Senator from Louisiana has the floor. Does he yield, and to whom?

Mr. LONG. I yield to the Senator from Kentucky. Then I will yield to the Senator from Illinois.

Mr. BARKLEY. Are these the same drainage-district bonds that are covered in a bill which is now pending in both Houses of Congress, providing that the Government shall take them over?

Mr. LONG. I do not know whether they are or not.

Mr. BARKLEY. There is a bill pending in the Senate and in the House, and I think it passed the Senate once, providing that out of the Treasury of the United States these drainage-district bonds shall be taken up. I do not know whether they are the kind of bonds that it is proposed to make eligible for rediscount or not. Certainly, they have not been paid; the interest on them has not been paid; and that is one reason why the holders want the United States Treasury to step in and relieve them.

Mr. COPELAND. Mr. President, a parliamentary inquiry.

Mr. LONG. There are some of those bonds—

The VICE PRESIDENT. The Senator from Louisiana will suspend a moment. The Senator from New York rises to a parliamentary inquiry.

Mr. COPELAND. I wish to know the situation. Was the first amendment of the Senator from Montana accepted by the Senate?

The VICE PRESIDENT. It was not. It was proposed, and is now being debated.

Mr. COPELAND. As I understand, the Senator from Montana desired to couple the two amendments—to strike out the word "general," and then to add the language stated by him. Do I correctly understand it?

Mr. WALSH of Montana. No; I have submitted the two separately.

The VICE PRESIDENT. They are separate amendments.

Mr. WALSH of Montana. I should like to ask for a vote on the first amendment.

Mr. GLASS. Mr. President—

The VICE PRESIDENT. The Senator from Louisiana has the floor.

Mr. LONG. I promised to yield to the Senator from Illinois [Mr. Lewis]. Then I will yield to the Senator from Virginia.

Mr. LEWIS. Mr. President, at this point I desire to interrogate the Senator from Montana. May I ask the Senator from Montana whether the provisions to which he has

been making allusion affect the possibility of what is known as the Sanitary District of Chicago floating its bonds and presenting its bonds as an institution; also the Board of Education of the city of Chicago as a municipal corporation? Does the Senator's provision prevent those two institutions from having their bonds taken up by the bank as security?

Mr. WALSH of Montana. Neither of them, in my judgment, would affect the Sanitary District bonds. As to the Board of Education bonds, if the word "general" were left in, I dare say it would affect the eligibility of those bonds. I am asking that that word be stricken out. The other provision, which I have suggested simply upon the initiative of the Senator from Michigan [Mr. Couzens], in my judgment would make ineligible the Sanitary District bonds.

Mr. LEWIS. Since the Senator from Louisiana has kindly yielded, may I ask the Senator from Montana whether I gather, then, that under this language the Sanitary District bonds, however well secured they may be in property, could not be floated in one of these banks?

Mr. WALSH of Montana. They would be ineligible for purchase by the banks.

Mr. LONG. That, Mr. President, is the very thing we were undertaking to avoid.

Mr. GLASS. Mr. President—

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Virginia?

Mr. LONG. I yield to the Senator from Virginia.

Mr. GLASS. If I may intervene there with just one remark; your committee did not discuss this legal refinement which seems to have been brought to the attention of the Senate by the use of the words "general obligations of any State," for the simple reason that that has been the law for years. We have made no alteration in the existing statute. This is a proposed amendment to section 5136 of the Revised Statutes, putting some limitations upon what national banks could do; but we have not changed in any particular that language. It is in the text of existing law—"general obligations of any State or of any political subdivision thereof." So, being a layman and not a lawyer, I can not comprehend just how it may be contended that what has been the law all these years, part of the national bank act, now affects the limitations that we propose on this bill.

Mr. WALSH of Montana. Mr. President—

Mr. LONG. I yield to the Senator from Montana.

Mr. WALSH of Montana. I shall be very glad, by a specific instance I have in mind, to indicate the importance of this word "general" in the law, whether it is new or whether it is old.

The State of Montana issues certain general obligations. That is to say, it incurs indebtedness for the general running expenses of the State government. Those are regular bonds of the State, payable out of all of the revenues of the State. Those are its general obligations. However, by its authority the State highway commission issues debentures, secured by the gasoline tax of 5 cents a gallon. That easily takes care of the interest upon these bonds, and provision is made for the retirement of them. The bonds are secured by that tax, and the law fixing the tax is irrevocable during the existence of the bonds.

Those are not general obligations of the State. They are special obligations; but they are obligations of just as high character, so far as their value and responsibility are concerned, as any of the obligations of the State. They are issued under the provisions of the following section of the law:

The issue and sale of said debentures shall constitute an irrevocable contract between the State of Montana and the owner of any of said debentures that the excise or license tax on gasoline or motor fuels or dealers or distributors therein, as provided in this act, or in any of the other laws of the State of Montana, shall not be reduced so long as any of said debentures remain outstanding and unpaid, and that the State of Montana will cause such taxes to be promptly collected, and after the payment of drawbacks or refunds, that the State treasurer shall set aside from the said proceeds of said license taxes, into a fund to be known as the State highway treasury debenture redemption fund, a sufficient amount of money each month to provide for the payment of the interest accruing each respective month, and during the 12 months

next preceding the maturity of said debentures he shall set aside in such fund from said proceeds sufficient money to provide for the payment of the principal maturing at the end of that year. The said license or excise taxes upon gasoline or motor fuels and dealers and distributors therein as herein provided, shall be irrevocable until all of said debentures and the interest to accrue thereon shall have been fully paid, and all of said debentures and the interest thereon shall be paid from the proceeds of said excise taxes: *Provided*, That nothing in this act shall prevent the reduction of such excise taxes when sufficient moneys to pay the principal and accrued interest on all of said debentures have been set aside in said States highway treasury debenture redemption fund.

So that the securities are perfectly sound. The interest upon the obligations will be promptly met, and the obligations themselves discharged from this tax.

The State is not generally obligated; that is to say, it does not undertake to pay these bonds out of its general revenues at all, but only out of the revenues coming into this particular fund. So, Mr. President, it being desirable, as a matter of course, to sell those bonds to banks which are quite willing to take them, I should dislike very much indeed to have this measure pass with that language in it.

Mr. LEWIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield?

Mr. LONG. I yield to the Senator from Illinois.

Mr. LEWIS. Mr. President, may I ask the Senator from Montana to contemplate the following situation? The general bonds of the sanitary district, it is well known here, were issued within its power and upon its properties. The Supreme Court of the United States having made a decision in a case in which I participated without success—the court decided that the city of Chicago should build an electric plant, which should meet the conditions and avoid draining such an amount of water from the lake as to interfere with the navigation of the States complaining, to wit, Wisconsin, Ohio, and others.

Assume the drainage district of Chicago issued specific bonds for the purpose of raising the money to comply with the decision of the Supreme Court. In this construction which I have described, could those bonds be floated in this bank under this provision?

Mr. WALSH of Montana. Under the bill as it reads, in my judgment, they could be.

Mr. LEWIS. Then I have no further comment with which to disturb the Senator.

Mr. LONG. That is not affected by striking out the word "general"?

Mr. WALSH of Montana. No. I have tried to explain that whether the word "general" is in or is out, that situation is not affected.

Mr. LONG. I did not thoroughly understand that.

Mr. President, the Senator from Virginia has said that this is already covered in the Federal reserve act.

Mr. GLASS. No; in the national banking act.

Mr. LONG. In the national banking act. The fact is that in the pending bill the Senator is striking out affiliates. Heretofore these bonds have been marketed through the banks largely, or to a considerable extent, through their affiliates. I know in our section of the country all these banks usually have their affiliates, and they bid on all bonds. They bid on the drainage bonds, they bid on the school district bonds, they bid on the highway bonds; and if, as the Senator from Montana suggests, we pass this bill to-day and include in it the provision of the Senator from Virginia, which would strike out the affiliates, there would be no place where the public could market its bonds.

I am not unmindful of the fact that there may be once in a while some kind of a special municipal security which may not be so very good. There are some in default. But that is going to happen with anything. There is not a very big chance that that is going to happen very frequently. There may now and then be some drainage bond that is not so good. However, these bankers are supposed to look into that fact also. There is not a chance for spoliation or for speculation in buying municipal bonds. The bankers are placed on their guard to find out what revenue there will be with which the bonds will be discharged at maturity and

the interest paid. They understand all that when they buy them. But if language is placed in the bill providing that these special improvements have to be bid on only by private investment houses, that will practically close the door to the possibility of the banks of the country bidding on municipal securities.

Mr. BULKLEY. Mr. President—

The PRESIDING OFFICER (Mr. BINGHAM in the chair). Does the Senator from Louisiana yield to the Senator from Ohio?

Mr. LONG. I yield.

Mr. BULKLEY. I think the Senator from Louisiana is right in stating that whereas the exceptions from the limitation are the same as in the existing law, the limitation proposed is itself more severe, and consequently there is some reason for omitting the word "general" in stating the exceptions.

Mr. GLASS. I have already said that I am perfectly willing to do that.

Mr. LONG. We are agreed on that; but how about the second amendment proposed by the Senator from Montana? Let us adopt the amendment striking out the word "general" and then settle the other one. There have to be two amendments, anyway, as I understand.

The PRESIDING OFFICER. The question is on agreeing to the first amendment offered by the Senator from Montana. The amendment was agreed to.

The PRESIDING OFFICER. The Chair understands the Senator from Montana to offer a second amendment.

Mr. WALSH of Montana. Mr. President, I do not offer this. I drew this amendment as an accommodation to the Senator from Michigan [Mr. COUZENS].

Mr. LONG. Mr. President, I hope I can prevail upon the Senator not to offer that.

Mr. COUZENS. Mr. President, I think that under the circumstances, with my knowledge of the situation, I shall have to offer it, whether the Senate agrees to it or not.

I offer this amendment, which was drafted by the Senator from Montana at my suggestion.

Mr. LEWIS. Let it be reported.

The PRESIDING OFFICER. The clerk will read the amendment.

The LEGISLATIVE CLERK. On page 36, line 7, after the word "thereof," the Senator from Michigan proposes to insert the following: "not including, however, the obligations of improvement districts and other districts of like character payable out of taxes imposed upon the property within such districts presumably to be benefited by the work for the prosecution of which such obligations were issued."

Mr. WALSH of Montana. Mr. President, will the Senator yield to me.

Mr. COUZENS. I yield.

Mr. WALSH of Montana. That amendment ought to be included in brackets, to show that it is a qualification of what goes before.

Mr. COUZENS. Mr. President, when the Senator from Montana offered his amendment to strike out the word "general," we had considerable discussion among ourselves as to the effect of the elimination of the word "general." I pointed out to him that in many cities territory outside of the city limits is brought into the city, and immediately there is a demand upon the board of aldermen, or upon the council, to put in streets, pavements, sidewalks, and sewers. The council will say, "If you want to pay for these things, all right, but we are not going to make them a general obligation of the city. We will set aside a special district that will benefit by these improvements. We expect that particular district to pay for the issuance of these securities. We will not make the property of the city liable for that special-assessment district."

Mr. President, in many cases there is no possibility of collecting revenue, because it depends upon whether the property is salable. If the property of the subdivision happens to be salable, they probably might collect the assessments. If the real-estate development is not sold, there is no revenue to pay these taxes. I think it is unwise that the

Federal reserve banks should be encouraged in buying that sort of security.

The amendment proposed, which was drafted by the Senator from Montana, specifically provides that the only bonds to be exempted are the ones which are issued in a district where the benefits are presumably for that specific district, and therefore they are in no sense general obligations of the political subdivision which authorizes the issuance of the securities. For protection against floating that sort of securities—and there are millions and millions in default to-day for the very reasons I have pointed out—I think this provision ought to be put into the bill.

Mr. COPELAND. Mr. President, the Senator would not see any objection to the sanitary-district bonds; that would be entirely different from a subdivision such as the Senator speaks of?

Mr. COUZENS. Entirely. While on that point, I desire to ask the Senator from Illinois from what source does the sanitary district get its revenues to pay the sanitary-district bonds?

Mr. LEWIS. Mr. President, it has a very large lighting plant, from which there is much rent, and also they have much material to sell as a result of excavating. So they are always able to get an income that equals their interest. Lately they have had difficulty because financial conditions and things which have transpired at Chicago have made it impossible to sell their bonds.

Mr. COUZENS. Is there any assessment in the sanitary district on the real estate to pay the securities?

Mr. LEWIS. There is no assessment that is levied upon the real estate. They rent. They have large real estate; but if these rentals are withdrawn, I am unaware of any assessments that are levied on the real estate to meet any indebtedness.

Mr. COUZENS. What does the sanitary district cover; what area?

Mr. LEWIS. All of Chicago and much of the county of Cook besides.

Mr. COUZENS. It seems to me, in view of that explanation of the Senator from Illinois, this amendment would not include the kind of case he has reference to at all. The sanitary-district bonds are not issued, presumably, as we have written into this amendment, for the specific benefit of the particular sanitary district. That is the reason why we have that placed in there.

Mr. SMOOT. Mr. President, I want to call the Senator's attention to Order of Business No. 202, Senate bill 1856, introduced by the senior Senator from Illinois [Mr. GLENN].

Mr. COUZENS. I have it in my hand.

Mr. SMOOT. If that bill became a law, would it cover the situation at the present time to which the Senator has reference?

Mr. LEWIS. That bill was introduced by my colleague?

Mr. SMOOT. It was. It is on the calendar, a bill to provide for the relief of farmers in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, irrigation, and/or similar districts other than Federal reclamation projects, or to counties, boards of supervisors, and/or other political subdivisions and legal entities, and for other purposes.

That was introduced by the Senator's colleague and was referred to the Committee on Irrigation and Reclamation. It was reported with an amendment on February 8, 1932.

Mr. COUZENS. That was a year ago, and the bill has never been permitted to pass this body.

This is not the kind of case to which I had particular reference. But in the cases of these districts referred to in the bill mentioned by the Senator from Utah, where the improvement was presumably for that specific district, they should not be eligible for loans at the Federal reserve banks. In other words they are highly speculative, and hundreds and millions are in default.

Mr. SMOOT. I agree with the Senator thoroughly, and I was wondering whether the Senator thought this bill should pass the Senate. Personally, I am opposed to the bill.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Michigan yield to me?

Mr. COUZENS. I yield.

Mr. ROBINSON of Arkansas. The bill to which the Senator from Utah refers did pass the Senate. I myself called it up and secured its passage during a former session.

Mr. LONG. Mr. President, to what was the Senator from Arkansas referring?

Mr. ROBINSON of Arkansas. It is what is known as the Glenn-Smith bill.

Mr. LONG. Taking up the drainage bonds?

Mr. ROBINSON of Arkansas. Yes.

Mr. LONG. Then that eliminates the danger particularly as to drainage bonds about which the Senator from Michigan talks. I have just succeeded in getting a copy of the proposed amendment in the form in which it was offered. I want to read this, and I hope Senators will listen a little more carefully to the language than we ordinarily listen. It reads in this way:

Not including, however, the obligations of improvement districts and other districts of like character payable out of taxes imposed upon the property within such districts presumably to be benefited by the work for the prosecution of which such obligations were issued.

That language simply means that any special district created to be improved, whether subway, airport, drainage district, or anything of the kind, can not have its bonds floated through the Federal reserve banks. There are any number of them financed that way to-day. It may be it is through the affiliates, but I know there are any number of them, particularly drainage bonds, to which the Senator from Michigan refers. I do not care what State we may take. Some of us may not call to mind any one of them, but I do not know of any State that is not to-day financing some of these projects through the banks. I am not familiar with the State of New York, but I would have no hesitancy in saying that we could find 100 or more of them to-day that would be excluded under this provision.

If we are going to strike out the affiliates, here is what we will do: We will say to the governmental districts of the States and of the cities that they can not be financed through the banks but they will have to be financed entirely through private investment houses.

Mr. WAGNER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from New York?

Mr. LONG. I yield.

Mr. WAGNER. It would be a matter of great difficulty to anyone called upon to interpret the proposed amendment if we have the words "improvement districts and other districts of like character." Who will determine whether a particular district involved is "of like character"? A subway district would not be a district "of like character" as an improvement. The very indefiniteness of the amendment makes it seriously objectionable.

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the senior Senator from New York?

Mr. LONG. I yield.

Mr. COPELAND. I should like to call the attention of the Senator from Michigan to a situation in his own State. As he knows, I happened to be mayor of a little city in that State years ago. The question would arise there now, as it did at that time, regarding a paving district. When we proposed to pave a street there was set up a paving district. Those were not bonds of the city. I do not know how far they might have gone in making collections. They may have covered the whole city itself, but the property within the area of that paving district was holden for those bonds. I am sure the Senator from Michigan would not wish to exclude those bonds from such protection as we are proposing to afford here.

Mr. COUZENS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Michigan?

Mr. LONG. I yield.

Mr. COUZENS. Those are the very bonds I do want to exclude, because they are the kind of bonds of which there are millions in default, because, for instance, we have platted subdivisions and put in pavements as to which the rest of the city would not accept the obligation. If the city will not get back of the obligation for paving a street, but requires it to be paved by the abutting property owners, then it is evidence that it is a hazardous undertaking.

Mr. COPELAND. As I understand the Senator, he intends by the amendment to make such securities ineligible.

Mr. LONG. That is what he said and that is what I understand the Senator to mean.

Mr. COUZENS. That is exactly true.

Mr. LONG. I want to emphasize just what the junior Senator from New York [Mr. WAGNER] said. The expression, "the obligations of improvement districts and other districts of like character," is indefinite. What is "of like character"? Is a subway "of like character"? Who will say? Is it to be the comptroller? Does that mean that in his interpretation he can wipe out an immense lot of securities that to-day we are floating through the banks and that we have not any other way to float except through private investment houses?

The language is very indefinite. I do not know what the meaning of it finally may be. I suggest that above all things if we are going to strike out affiliates we ought not to strike out municipal securities. We are going far enough with the bill as it is.

Mr. WALSH of Montana. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Montana?

Mr. LONG. I yield.

Mr. WALSH of Montana. As the draftsman of the amendment, before I take note of the criticism made by the junior Senator from New York [Mr. WAGNER]—he read only a part of it. That part is, of course, indefinite. Even the term "improvement district" is indefinite. Of course, the term "districts of like character" is indefinite. It is intended to make that language more definite by what follows, namely, "districts in which improvements are made, those improvements to be paid for out of taxes levied upon the property within the district which it is presumed was benefited by the improvement."

Mr. LONG. I think that adds to the confusion, rather than tending to clarify it.

Mr. WALSH of Montana. That may be.

Mr. LONG. Because you have to go there and find out, in addition to what "district of like character" it is, whether it is presumably to be benefited by the work. Apparently, if you can find it is not benefited by the work, the obligation is all right; but if it is benefited by the work, it is not a good bond. I think the Senator can see that. Suppose we say it does not benefit the property, then the obligation is all right.

Mr. WALSH of Montana. I had intended in drafting it to avoid just that thing. The improvement is ordered and the district is created because it is presumed that the property is going to be benefited. It may not be benefited. The Senator from Michigan is just afraid that it will be a case where the property is not benefited, and accordingly the bonds will not be paid; but "presumably to be benefited" relates to the time the district was created. In other words, at the time the district was created it was presumably to be benefited by the work.

Mr. LONG. Mr. President, I would like to suggest that the Senator from Michigan withhold the amendment to-night. Let us not vote on the amendment to-night. I think it is highly objectionable. I do not know that I had anything to do with it, but I indulged myself the privilege of speaking to the Senator from Montana about the original provision before he presented the amendment. I thought I saw that it was shutting out a great quantity of State obligations that were more or less special, such as highway obligations, already mentioned. I think the Senator is proposing to undo a large part of the good that has been done

with the amendment when he offers this amendment. Certainly he is so far as it applies to municipalities.

For example, we are building in the city of New Orleans one of the largest airports in the world. Probably it will be one of the finest airports in the world for airplanes that may alight on land or on water. We have created a fund there out of the improvement that has been made and out of taxes that have been levied on that particular property. We are not having any trouble in financing that proposition to-day. It is a sound proposition. One million five hundred thousand dollars of the bonds have been approved tentatively already by the Reconstruction Finance Corporation. They have not yet given us the money, but we expect it any day—at least, we hope we shall get it.

We have several million dollars more of those bonds to float. We will float them without any difficulty whatever through the banks of the city and they will never lose a dollar. If this language is incorporated in the bill, we will not be able to float the bonds of that airport. Where will we get a method of financing them? We shall have to look for some private investment house to take the bonds.

Mr. LEWIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Illinois?

Mr. LONG. I yield.

Mr. LEWIS. May I ask the Senator from Louisiana more particularly to indicate in what way he will lose the benefit? What language in the particular amendment works that particular result?

Mr. LONG. It is an improvement presumably to be benefited by the expenditure of the money for which we are floating the bonds.

Mr. LEWIS. Does the amendment prevent the financing of that which is improved?

Mr. LONG. If we can prove it is not improved, it does not. If it is presumed to be improved, it does.

Mr. LEWIS. May I ask the Senator, knowing him to be an eminent lawyer—

Mr. LONG. No; I am not.

Mr. LEWIS. I insist on that recommendation in order to get a reply from the Senator. What is the particular language that the Senator thinks really bars the floating of the bonds?

Mr. LONG. The Senator from Illinois is eminent enough to translate the language better than I can. I hope the Senator will not require me to exhibit my "hillbilly" understanding of phrases. I made a living as a lawyer, but not as an eminent lawyer. There is a difference between them. I never wrote but one book. [Laughter.]

Here is the language—

not including, however, the obligations of improvement districts and other districts of like character.

I do not know just what that means. I am going to read it again, not that it needs any further reading to percolate the recesses of the mentality of the Senator from Illinois, but my own. I read it again—

not including, however, the obligations of improvement districts and other districts of like character payable out of taxes imposed upon the property within such districts presumably to be benefited by the work for the prosecution of which such obligations were issued.

It takes a pretty good mind to keep up with that language as I go along. Perhaps I had better hand it to the Senator from Illinois. [Laughter.]

Mr. LEWIS. I can only say that I gathered from the reading of it and the manner in which it has been broadened out that the proposition seems as broad as it is "Long." [Laughter.]

Mr. LONG. But I had nothing to do with it.

Mr. LEWIS. Let me be perfectly frank. I am interested in the phraseology as it would apply to the Sanitary District of Chicago and to the board of education, and other securities in which I have from time to time manifested an interest before this honorable body. I am unable to see where that in which I am interested is at all obstructed and I am

not able to see where the securities are impeded. Therefore, from the point of view that I observe this amendment, I am unable to participate in the fear of danger the eminent Senator from Louisiana seems to apprehend from the amendment.

Mr. LONG. We do not have to apprehend the danger. The Senator from Michigan [Mr. Couzens] very frankly outlines some of the classes of securities that he is undertaking to eliminate. They are securities that are being handled to-day, and plenty of them, drainage districts and so on. We have an alluvial country in the State of Louisiana. Some of our drainage bonds may be in default, not many, but there may be some. We are constantly improving that country, and we are paying for it out of the taxes being levied upon the improved area. I recall an airline highway; I recall a project for a bridge; and they are paid for out of the revenue derived from the taxes and from other revenues that might be received there. Under the amendment those bonds are to be excluded.

Take a waterworks as an example. Suppose we erect a waterworks and levy in that particular district a tax to pay for the waterworks. That is presumably one of the improvements to the property that must be paid for through taxes that are levied to discharge the bonds which are issued. I think it would include a subway. It is very broad language. I do not see why it would not.

Mr. COUZENS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Michigan?

Mr. LONG. I yield.

Mr. COUZENS. I assume that a waterworks and a subway would have their own revenues and would not be dependent upon taxes for payment of their bonds. I did not intend to include, and I do not think that the language includes, any project that would have its own revenue.

Mr. LONG. If it has revenue, the Senator would be willing to accept it?

Mr. COUZENS. Oh, yes.

Mr. LONG. Then I move, if that is the intent of the Senator from Michigan—

Mr. BARKLEY. Mr. President, before the Senator does that, may I ask him a question?

Mr. LONG. Certainly.

Mr. BARKLEY. I understood the Senator from Louisiana to say that these drainage-district bonds and similar improvement bonds, regardless of their character, are now being rediscounted by the Federal reserve banks as a method of financing the districts. Does the Senator really mean to say that that is being done now?

Mr. LONG. I mean they are taking some self-liquidating bonds.

Mr. BARKLEY. The Senator may be confusing the Federal reserve banks with the Reconstruction Finance Corporation. I do not understand the Federal reserve banks are now rediscounting or that they were ever rediscounting long-term bonds issued by drainage or improvement districts in order to raise money to make the improvements.

Mr. LONG. Oh, we have sold bonds to the Federal reserve banks to make improvements—plenty of them.

Mr. GLASS. O Mr. President—

Mr. LONG. I mean not the banks but the affiliates of the banks. It does not make any difference what they may be called.

Mr. GLASS. The Senator means the member banks, the national banks; he does not mean the Federal reserve banks?

Mr. LONG. I mean, of course, the national banks.

Mr. BARKLEY. I understand that a national bank might, as a matter of investment, buy a drainage-district bond or an improvement bond, just like it goes on the market and buys any other sort of a bond, but that is quite a different transaction from the Federal Reserve Board itself rediscounting bonds of that sort or using them at all as collateral for money borrowed.

Mr. LONG. The Senator's leader disagrees with him.

Mr. GLASS. I do not disagree; I agree thoroughly with the Senator from Kentucky.

Mr. LONG. Then I did not understand what the Senator meant by shaking his head.

Mr. GLASS. Perhaps I was shaking it in the wrong direction.

Mr. BARKLEY. The Senator from Virginia was shaking it at the Senator from Louisiana. I think the Senator misunderstood him.

Mr. LONG. I was not talking, so he did not have to shake it at me.

If the Senator from Michigan is willing that the amendment should not include improvement districts, if they have other revenue, then I move, if he will permit me, at the end of the exception, to insert the following words:

This exception, however, shall not include obligations of improvement districts and other districts of like character where there is other revenue provided for the retirement of the bonds and interest thereon.

Mr. LEWIS. May I be so bold as to suggest the words "other revenue derived."

Mr. LONG. Very well, "other revenue derived."

Mr. COUZENS. I should like to ask the Senator, other than what?

Mr. LONG. Other than taxes.

Mr. COUZENS. There is no reference to taxes there.

Mr. LONG. Yes; there is. The Senator does not know what he has offered, I am afraid.

Mr. GEORGE. Mr. President, if the Senator will yield to me, the language, by way of further definition, is also—

payable out of taxes imposed upon the property within such districts.

May I suggest to the Senator from Louisiana that if he will include the word "exclusively," so as to read "payable exclusively out of taxes," then he will accomplish what he is undertaking to do.

Mr. LONG. I think that would be a great improvement.

Mr. GEORGE. Or the word "solely" might be used, so as to read "solely out of taxes."

Mr. LONG. I move to amend the amendment by inserting after the word "payable" the word "exclusively."

Mr. COUZENS. I am very glad to accept that, because I do not want to exclude any revenue-producing activities.

Mr. LONG. Very well.

The PRESIDING OFFICER. The Chair understands the Senator from Michigan to accept the amendment.

Mr. GLASS. Mr. President, I am in entire sympathy with the purpose of the Senator from Michigan in offering this amendment and I shall not oppose it or the modification just suggested. We thought we had tightened up the situation considerably. Because our exhaustive investigation disclosed the fact that so many national banks had failed because they had filled their portfolios with unwise and practically useless investment securities; for that reason we tightened the matter up, but I do not object to tightening it up a little more.

Mr. TRAMMELL. Mr. President, in my opinion, the amendment proposed by the Senator from Michigan or by the Senator from Montana—I have heard references made to each of them—places a restriction and a limitation upon a class of securities which should not be precluded from rediscount. The bill authorizes the Comptroller of the Currency by regulation to prescribe any class of commercial securities that may be discounted by the banks, but then there is written into the bill a provision that excepts securities of municipalities or of districts, and an attempt is made to put an inhibition against them so that they may not be available for rediscount purposes through the banks.

In my own State all the schoolhouses are built by bonds issued by the school districts, and, of course, those bonds are retired by taxes. I have never known of that character of security being the cause of the wrecking of banks any more than commercial securities. As a matter of fact, I think more frequently commercial securities have caused the undermining of the banks rather than this class of public securities.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Kentucky?

Mr. TRAMMELL. I yield.

Mr. BARKLEY. I was wondering whether the Senator from Florida has not confused the rediscounting paper by the Federal reserve banks and the investment in paper by the member banks?

Mr. TRAMMELL. No; I have not confused that. If there is put in an inhibition against the Federal reserve bank taking a certain class of securities for rediscount, then, of course, the member banks necessarily, while they are not absolutely prohibited from taking that class of securities, will hesitate before they will take them.

Mr. GLASS. It has nothing in the world to do with Federal reserve banks; it relates to member banks altogether.

Mr. TRAMMELL. This provides that certain classes of paper may not be rediscounted—

Mr. BULKLEY. Mr. President—

Mr. TRAMMELL. I will ask the Senator to wait until I finish the sentence. The Comptroller of the Currency is authorized to prescribe the class of securities to be subject to rediscount so far as commercial paper is concerned, but when it comes to paper issued by municipalities, counties or subdivisions, there is an inhibition put upon that class of securities. If we can vest in the Comptroller of the Currency the authority to say what character of commercial paper may be used, why should we write into the proposed legislation an inhibition against a certain character of public securities? That is what this bill does.

Mr. BULKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Ohio?

Mr. TRAMMELL. I yield.

Mr. BULKLEY. I want to suggest to the Senator that this does not relate to rediscounts at all; it relates only to investments.

Mr. LONG. That is what we are talking about.

Mr. BULKLEY. But the Senator from Florida is talking about rediscounts; I think that is a mere slip of the tongue.

Mr. TRAMMELL. If it is a matter of investment—

Mr. BULKLEY. That is what it is; it is a matter of investment.

Mr. TRAMMELL. If it is a matter of investment, why is the Comptroller of the Currency permitted to prescribe with unlimited authority the character of commercial securities the banks may purchase and then there is written into the law an inhibition against the purchase of public securities?

Mr. BULKLEY. I think the Senator misunderstands me if he thinks that I am taking a position opposite to that taken by him in his argument. I was merely correcting the misstatement that it relates to rediscounts, which it does not. It relates to investments.

Mr. TRAMMELL. It impairs the value of all public securities throughout the country. It will weaken and reduce the price at which bonds may be sold in the future by different governmental subdivisions. Why should we discriminate against public securities?

Mr. GLASS. Mr. President, if the Senator will only read the bill he will see that it does just the reverse of what he says it does.

Mr. TRAMMELL. I have read the bill.

Mr. GLASS. It distinctly exempts such securities.

Mr. TRAMMELL. It exempts only a certain class of securities. It contains an inhibition against other securities, for instance those of a district. The Senator says if I had read the bill I would not make the statement. I will ask him—of course, I know he is very familiar with the bill—I will ask him if a school district in the State of Florida desiring to float \$100,000 of bonds for the purpose of building a schoolhouse, the district alone being responsible for those bonds, would have the right to sell the bonds unless the bill were amended?

Mr. GLASS. Under the proposed amendment of the Senator from Michigan it might not have, but under the terms of the bill as reported by the committee it would have.

Mr. TRAMMELL. I want to ask the Senator to cite me the paragraph which contains that authorization.

Mr. BARKLEY. Mr. President, the Senator from Michigan has offered an amendment the effect of which is to take this very class of bonds out of the permissive section of the bill as it is written.

Mr. GLASS. Let me read to the Senator from Florida—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Virginia?

Mr. TRAMMELL. I yield.

Mr. GLASS. Let me read the provision to the Senator. It is as follows:

The limitations herein contained as to investment securities shall not apply to obligations of the United States or general obligations of any State or of any political subdivision thereof.

Mr. TRAMMELL. That refers to general obligations. I should like to ask the Senator to give me a definition of the words "general obligations."

Mr. BULKLEY. The word "general" has just been stricken out of the bill.

The PRESIDING OFFICER. Senators must address the Chair and not interrupt until they obtain recognition. The Senator from Florida has the floor.

Mr. TRAMMELL. Then if the Couzens amendment should be defeated, the bill would be all right with the word "general" stricken out? That was what was confusing to me.

Mr. LONG. Mr. President, the Senator from Florida has brought up a point that I had not thought of. Just as he said, and as the Senator from Virginia admits, school districts can not be financed under this bill; the investments can not be made.

Mr. BULKLEY. The Senator means under the amendment.

Mr. LONG. Under the amendment the Senator from Michigan has offered?

Mr. BULKLEY. They can be, in my opinion, under the terms of the bill.

Mr. LONG. I admit that if we vote down the Couzens amendment it will be all right. So if we are agreed to vote that down, let us vote it down.

Mr. COPELAND. Mr. President, I take the view that we should vote down this amendment unless it can be so worded as to distinguish between those real-estate wildcat speculations outside of Detroit and bona fide municipal improvements, such as a school or the paving of a street or the building of a sewer within a certain district. If this amendment, as written, presented by the Senator from Michigan shall be adopted, all such improvements will be excluded and the bonds for such improvements may not be purchased by the member banks. I certainly agree that we should vote the amendment down unless language can be found to make a distinction between wildcat schemes and legitimate municipal improvements.

SEVERAL SENATORS. Vote!

The PRESIDING OFFICER. The question is on the amendment submitted by the Senator from Michigan, as modified.

The amendment as modified was rejected.

Mr. METCALF. Mr. President, I send an amendment to the desk and ask that it may be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 37, line 17, it is proposed to strike out the word "three" and insert in lieu thereof the word "five"; on page 43, line 18, to strike out the word "three" and insert the word "five"; and on page 8, line 11, to strike out the word "three" and insert in lieu thereof the word "five."

Mr. METCALF. Mr. President, I feel that three years as provided in the bill does not afford time to enable affiliates to wind up their business. Some of them have had such a very large business I think they should be given an adequate opportunity, particularly during hard times, to close up their affairs. So I thought possibly the amendment would provide a way out, and make it easier for them to get out of business.

Mr. GLASS. Mr. President, I will say to the Senator that all members of the subcommittee, as I recall, agreed that the time might be extended from three to five years. The committee thought that three years was ample, but, in order to abate the troublesome hostility of the affiliates, we agreed that we would be willing to extend the period from three to five years.

Mr. SMOOT. Question!

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Rhode Island.

The amendment was agreed to.

Mr. VANDENBERG. Mr. President, may I have the attention of the Senator from Virginia [Mr. GLASS], and ask him to follow me on page 48, line 10, where the phrase "banks of issue" occurs? May I suggest to the Senator that there are no State banks of issue at the present time, and that the use of this particular phrase in the definition is very confusing in those instances where national banks are seeking the same privilege allowed to State banks in the matter of interest rates, and so forth. May I inquire whether he would resist striking out the words "of issue"?

Mr. GLASS. There are no State banks of issue, except they want to endure the 10 per cent tax imposed by the Federal Government on all issues of banks.

Mr. VANDENBERG. The point is made to me that inasmuch as the privilege of a comparative rate of interest, for instance, on industrial loans is permitted to State banks only in respect as it is permitted to State banks of issue, it virtually forecloses freedom to national banks in this competitive field; whereas, if the words "of issue" were stricken out, we would then confront a situation in which the national banks would be permitted the same latitude as a general State bank, but no more.

Mr. GLASS. I think the words should be stricken out.

Mr. VANDENBERG. I move that they be stricken out.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Michigan [Mr. VANDENBERG].

Mr. LONG. Mr. President, reserving the right to object for just a moment, as I understand, this provision would allow national banks to charge a certain rate of interest, and not to exceed it, except that where banks of issue of the State are allowed a greater rate they can avail themselves of the right to charge a greater rate. What are the words "banks of issue" put in here for?

Mr. VANDENBERG. I may say that they seem to be taken out of the old law, when there were State banks of issue. There are no State banks of issue at the present time, in practice.

Mr. LONG. All right.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Michigan [Mr. VANDENBERG].

The amendment was agreed to.

Mr. GEORGE. Mr. President, I propose an amendment. On page 8, at line 8, after the word "stock," insert the following:

Undertaken and consummated after the date of the enactment of the banking act of 1932.

That is, of this act.

Mr. LONG. What is it proposed to insert?

Mr. GEORGE. To insert, after the word "stock," the words "undertaken and consummated after the date of the enactment of the banking act of 1932."

I think the Senator from Virginia [Mr. GLASS] has given some study to that amendment; and I should like to put in the RECORD just this brief statement, which covers the whole case:

The paragraph beginning on line 5 of page 8 subjects member banks to the same limitations and conditions with respect to the purchasing, selling, underwriting, and holding of investment securities and stock as are applicable in the case of national banks under paragraph seventh of section 5136 of the Revised Statutes, as amended. In dealing with investment securities on page 35, the words "hereafter purchased and held" are used; but investment securities are limited to "marketable obligations evidencing in-

debtedness * * * in the form of bonds, notes, and/or debentures." Corporate stock is not included. On the contrary, the purchase or holding of any shares of stock of any corporation or trust company is prohibited.

Some member banks and some trust companies have, of course, acquired stock prior to the enactment of this particular banking act, which they would be required to sell on the present market or upon an adverse market, perhaps at a very severe loss.

I think the Senator from Virginia has had occasion to look over this amendment.

Mr. BULKLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Ohio?

Mr. GEORGE. I yield to the Senator from Ohio.

Mr. BULKLEY. May I suggest to the Senator from Georgia that this provision on page 8 makes applicable to State member banks what is made applicable to national banks by the matter which appears in section 14 on pages 34 and 35?

Mr. GEORGE. Exactly.

Mr. BULKLEY. I have pending an amendment, which I intend to call up, which amends page 35 at line 7, and again at line 14, so that it shall read, "purchased after this section as amended takes effect," and then omits the words "and held."

Obviously, the limitation ought to be the same on national banks and on State member banks. My inquiry is whether, if this amendment is adopted on page 35, that will not make it unnecessary to adopt the amendment which the Senator has now suggested on page 8.

Mr. GEORGE. Does the Senator propose to amend this language on page 35, "hereafter purchased and held"?

Mr. GLASS. Just mark out "and held."

Mr. GEORGE. The amendment proposes to eliminate "and held"?

Mr. BULKLEY. And the word "hereafter." We propose to substitute "after this section as amended takes effect" for the reason that this is an amendment of the Revised Statutes, and the word "hereafter" might be confusing if it were made an amendment to the Revised Statutes.

Mr. GLASS. Exactly.

Mr. GEORGE. Yes; but let me call the Senator's attention to the further fact that in this bill you have defined "investment securities" as—

Marketable obligations evidencing indebtedness * * * in the form of bonds, notes, and/or debentures.

Corporate stock is not included, and therefore, in view of the restrictive definition which you have given to "marketable obligations," it seems to me still that this amendment should be accepted if it is sound and consistent with the general purpose of the bill, and I do not see why it is not.

Mr. BULKLEY. My question was whether it would be necessary, if we make these amendments that are discussed on page 35. The Senator does not contend that a more liberal rule ought to be applied to the State member banks than to the national banks.

Mr. GEORGE. Oh, no; not at all.

Mr. BULKLEY. It was only my thought that the language on page 8 makes applicable to State banks whatever is said in section 14. If we amend section 14 applying to national banks, that will by the same token relieve the State banks to the same extent.

Mr. GEORGE. The amendment, which the Senator says he intends to propose, might possibly obviate the necessity of this amendment, but I would not be willing to say that that is true at this time, because I think it would take a very careful study of section 14 to determine that fact.

Mr. GLASS. May I say to the Senator that it was because of the fact that he had proposed this amendment, and that he and I had discussed it, that the Senator from Ohio and I went over the matter very carefully to meet the view of the Senator from Georgia; and I feel certain that the amendment proposed by the Senator from Ohio completely meets the view entertained by the Senator from Georgia.

Mr. BULKLEY. I would suggest that the Senator now withdraw this amendment without prejudice and consider that.

Mr. GEORGE. I am disposed to think that the amendment which the Senator from Ohio proposes to offer will cover what I have in mind; and I trust that the Senator will offer his amendment, whether now or at some later time.

Mr. GLASS. Oh, yes; he will do that.

The VICE PRESIDENT. As the Chair understands, the Senator from Georgia withdraws his amendment.

Mr. GEORGE. I withdraw my amendment in view of the statements of the Senator from Ohio and the Senator from Virginia.

The VICE PRESIDENT. The bill is open to amendment. The Senator from Virginia.

Mr. GLASS. I have no amendment to offer.

The VICE PRESIDENT. The Senator from Ohio.

Mr. BULKLEY. Mr. President, I shall be glad to call up that amendment on page 35 now. It is at the desk.

The VICE PRESIDENT. Let it be stated.

The LEGISLATIVE CLERK. On Page 35, line 14, strike out the word "hereafter," and after the word "purchased" insert "after this section as amended takes effect."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio.

The amendment was agreed to.

The VICE PRESIDENT. The bill is open to amendment.

Mr. BULKLEY. There is another amendment to the same effect in another line on page 35.

The VICE PRESIDENT. Let it be stated. Will the Senator send up the amendment?

Mr. BULKLEY. It is to make, in line 14, the same amendment as in line 7.

The VICE PRESIDENT. Without objection—

Mr. GEORGE. Mr. President, let me ask the Senator from Ohio if he proposes to modify the following language, to be found on page 36:

Except as hereinafter provided or otherwise permitted by law, nothing herein contained shall authorize the purchase or holding by the association of any shares of stock of any corporation.

Mr. GLASS. We mean to strike out the words, "or holding."

Mr. GEORGE. That, I think, would meet exactly what we have in mind.

Mr. BULKLEY. Mr. President, I offer an amendment on page 36, line 3 to strike out the words "or holding."

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Ohio.

The amendment was agreed to.

The VICE PRESIDENT. Did the Senator from Ohio propose the second amendment, or did he withdraw that amendment?

Mr. BULKLEY. As I understood, the second amendment was adopted by consent, because it was exactly the same amendment as in line 7.

The VICE PRESIDENT. Without objection, that amendment will be agreed to.

The bill is open to amendment.

Mr. LONG. Mr. President, it is now 9.40 or 9.45. I have some amendments that I want to send up. I believe we are to take a recess at 10 o'clock, and I was going to suggest that we recess now instead of going into the other amendments. We have only 15 or 20 minutes left.

Mr. BULKLEY. Mr. President, what is the objection to starting the consideration of the amendments to-night?

Mr. LONG. I can not get through with them. It will require a little time to discuss them. The first one is the amendment relative to the liquidating corporation. I do not see why we should go on with it for 15 minutes.

The VICE PRESIDENT. The Senator from Louisiana has the floor.

Mr. KEAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from New Jersey?

Mr. LONG. I yield to the Senator from New Jersey.

Mr. KEAN. I send to the desk an amendment which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 23, the Senator from New Jersey proposes to strike out the words "a majority of the members of its executive committee or."

Mr. KEAN. Mr. President, does the Senator consent to that amendment?

Mr. BULKLEY. May I ask if that amendment has been corrected?

Mr. KEAN. I ask to correct that amendment so that it will strike out "either a majority of the members of its executive committee or."

The VICE PRESIDENT. The clerk will state the amendment as modified.

The LEGISLATIVE CLERK. On page 2, line 23, strike out the words "a majority of the members of its executive committee or."

Mr. BULKLEY. I think the word "either" should also be stricken out, so that the striking out will commence with the word "either."

The VICE PRESIDENT. Let the amendment again be stated, so that there will be no mistake about it.

The LEGISLATIVE CLERK. On page 2, line 23, strike out the words "either a majority of the members of its executive committee or."

Mr. LONG. Mr. President, how does the amendment, as corrected, read? What is the Senator attempting to strike out?

Mr. KEAN. I am proposing to strike out on line 23, after the words "Of which," the words "either a majority of the members of its executive committee or." It leaves in "a majority of its directors, trustees."

Mr. LONG. The Senator means he is striking out of the bill all except a majority of the directors and trustees?

Mr. KEAN. Yes.

Mr. LONG. What is the Senator eliminating from the bill?

Mr. KEAN. I am eliminating the executive committee.

Mr. LONG. The Senator is eliminating the executive committee?

Mr. KEAN. Yes.

Mr. LONG. I had expected that this amendment the Senator from New Jersey had offered would not forbid the directors of a department store, all of whom are members of the board of directors of a bank, to hold their positions as directors of the bank. Does the Senator's amendment cover that?

Mr. KEAN. This makes it so that the members of the executive committee of an industrial concern—a railroad, insurance company, and so on—can be directors of a bank, but a majority of them can not be members of its executive committee. It cuts out the executive committee, so that if the executive committee of an insurance company or any other company are directors of a bank it does not make the insurance company an affiliate of the bank.

Mr. LONG. I am sure I am dense, but I do not understand exactly what the Senator is talking about.

Mr. KEAN. I will repeat it, if the Senator desires.

Mr. LONG. Let us take a department store with five directors, just to give an illustration. Under the Senator's amendment would it be permissible for the five directors to be directors of a bank?

Mr. KEAN. No; but if the department store has an executive committee of three or five directors, and those directors happen to be members of the directory of a national bank or trust company or a member bank, the provision as written would eliminate them. In other words, if a majority of the board of directors or trustees are directors of a bank, that means that the bank absolutely has control of that company. If, on the other hand, members of the executive committee are members of a board of directors of a bank, that does not mean at all that that company is owned by the bank.

Mr. LONG. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. If the amendment of the Senator should prevail, then this language could not be subsequently corrected; it would have to remain as corrected by his amendment, would it not? The point is that I do not want to be prevented from correcting this language further. I thought I was in favor of the amendment as it was read, but I do not want to be precluded. What I have in mind is that the directors of department stores in my home city happen in some instances to be directors in a bank, and, according to this amendment, they would be prohibited from being directors in the bank and being directors in a department store.

Mr. KEAN. If a majority of them are directors of a bank, then that department store is an affiliate of the bank.

Mr. LONG. That is just what I want to prevent, and I hope the Senator will not amend his amendment.

Mr. KEAN. If this amendment carries, I have a second amendment which I think will eliminate that.

Mr. LONG. With that assurance, Mr. President, may I propound a parliamentary inquiry? Would that second amendment be in order? I am just afraid that by correcting this language, it will not be.

The VICE PRESIDENT. The amendment has not yet been sent up, but if it is to the other part of the section it would be in order.

Mr. LONG. Mr. President, I want to ask the Senator not to try to press this amendment to-night. The Senator from Georgia and myself think we can make it a little bit better. I do not want to take any chances of its being corrected and, by reason of the language's having been perfected, have it held as not being subject to further amendment.

I will say this, for the information of the Senate, that if a department store or a drug store or any other business composed of two partners is incorporated, and accidentally two or three members of the board should be directors of a bank, their company would be an affiliate of the bank. As an example, in my home town there is a bank that has about three directors who are directors of one of the largest department stores in the South. Each of those directors, who are engaged in other business, happens to be a director of the bank. The three or four directors are all directors of the bank, and under this amendment that department store would be an affiliate of the bank of which those men are directors, and I am undertaking to keep from having that foreclosed. I will ask the Senator to let the amendment go over until to-morrow morning. It is 10 minutes of 10, within a short time of the hour when we are to adjourn.

The VICE PRESIDENT. The Chair suggests that the Senator from New Jersey offer his second amendment, so that the two amendments may be considered together.

Mr. KEAN. I send the second amendment to the desk.

The VICE PRESIDENT. The amendments will be printed and lie on the table, and be printed in the Record for the information of the Senate.

The clerk will state the second amendment.

The LEGISLATIVE CLERK. On page 3, line 2, to strike out the words "of a member bank" and insert in lieu thereof the words "of any one member bank."

Mr. KEAN. Mr. President, if the Senator from Louisiana will look at that amendment, he will see that it so provides that there must be a majority of the board of directors, trustees of one bank. Instead of any member bank it must be one bank.

Mr. LONG. Mr. President, I ask the Senator if it would not be all right to let this amendment go over. I do not think his second amendment covers the matter, and as I realize how complicated it is to amend this provision, I have had the assistance of a very good lawyer in attempting to perfect an amendment which would take care of what I want to cover and at the same time not leave this ambiguity, which the Senator's amendment would apparently leave. I think this language goes entirely too far, and if it is not objectionable to the Senator from Virginia to do so, with the consent of the Senator from New Jersey I would ask

that we let this amendment go over until to-morrow morning. It is now about 6 minutes to 10 o'clock.

Mr. GLASS. Mr. President, I may say to the Senator that I have no objection to the amendment going over. It has been discussed with the Senator from New Jersey by members of the subcommittee, and the members of the subcommittee find no objection to the two amendments proposed by the Senate. Both of them relate to the functions of an affiliate and seek to guard against undue control of a bank by the directors of an affiliate. I think it is clear; but if Senators think it is not, and think they can make it clearer, I have no objection to the amendment going over, because we have only five minutes left of the session to-night.

Mr. GEORGE. Mr. President, I inquire of the Senator from Ohio whether he will offer his amendment to the language on page 8, in line 20. The Senator has an amendment pending.

Mr. BULKLEY. Yes; I expect to call that up.

Mr. GEORGE. I am making inquiry because I have an amendment pending, and I desire to offer it to the section after it is perfected.

Mr. BULKLEY. I understand.

Mr. GEORGE. Now, I ask the Senator from Virginia whether he has considered the amendment which I have offered, in line 24, page 38, after the word "directors," to insert the words "and in deciding all questions at meetings of shareholders."

Mr. GLASS. We can act on that right now.

Mr. GEORGE. There is no objection to it?

Mr. GLASS. No.

The VICE PRESIDENT. The amendment will be stated. The amendment was, on page 38, line 24, after the word "directors," to insert the words "and in deciding all questions at meetings of shareholders," so as to read:

Any such holding company affiliate may make application to the Federal Reserve Board for a voting permit entitling it to cast one vote at all elections of directors and in deciding all questions at meetings of shareholders of such bank on each share of stock controlled by it. The Federal Reserve Board may, in its discretion, grant or withhold such permit as the public interest may require. In acting upon such application, the board shall consider the financial condition of the applicant, the general character of its management, and the probable effect of the granting of such permit upon the affairs of such bank, but no such permit shall be granted except upon the following conditions:

The VICE PRESIDENT. By unanimous consent, the amendment will be considered as having been agreed to, and this action will not interfere with the pending amendment offered by the Senator from New Jersey [Mr. KEAN].

Mr. GLASS. Mr. President, in order that there may be no mistake about matters, and no broken engagements to-morrow night, we propose to pursue consideration of the pending bill, and take it into the night to 10 o'clock unless it shall have been passed before that hour.

Mr. LONG. Does the Senator want the Senate to stay in session to-morrow night until 10 o'clock?

Mr. GLASS. Unless the bill shall have been passed by that hour, yes.

Mr. McNARY. Is the Senator from Virginia willing to suspend at this time?

Mr. GLASS. Yes.

Mr. LONG submitted an amendment intended to be proposed by him to Senate bill 4412, the banking bill, which was ordered to lie on the table and to be printed, as follows:

On page 15, to strike out lines 6 to 13, both inclusive; on page 23, line 12, beginning with the word "and," to strike out through the word "section," in line 13.

ADDITIONAL PETITIONS AND MEMORIALS

Mr. COUZENS presented a memorial, numerous signed of sundry citizens of the State of Michigan, remonstrating against the ratification of the Great Lakes-St. Lawrence deep-waterway treaty, which was referred to the Committee on Foreign Relations.

Mr. COPELAND presented a resolution adopted by the Erie County (N. Y.) Bankers Association, opposing the passage of legislation proposing to revalue the currency, and

also the publication of borrowings of financial institutions from the Reconstruction Finance Corporation, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Jamaica Bay (N. Y.) Republican Club, favoring repeal of the provisions of the economy act, which was referred to the Committee on Appropriations.

He also presented the petition of Marion May and sundry other citizens of New York City, N. Y., praying for the adoption of an amendment to the Constitution guaranteeing equal rights to men and women, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by Gen. Henry W. Lawton Camp, No. 21, United Spanish War Veterans, Department of New York, of Brooklyn, N. Y., soliciting the favorable consideration of the Congress for Spanish War veterans in connection with proposed legislation to curtail pensions, disability allowances, and compensation, which was referred to the Committee on Pensions.

He also presented a resolution adopted by Blazing Star Post, No. 1574, Veterans of Foreign Wars of the United States, Staten Island, N. Y., protesting against the attitude and efforts of the National Economy League in endeavoring to promote curtailment of allowances and benefits to veterans of the Spanish and World Wars, which was referred to the Committee on Finance.

He also presented the petition of Joseph M. Mingen, of Buffalo, N. Y., praying for the passage of legislation to revalue the gold ounce and opposing the passage of the so-called Glass banking bill, which was ordered to lie on the table.

He also presented the petition of Marion May and sundry other citizens of New York City, N. Y., praying for the inclusion of an equality clause or reservation in the World Court protocols establishing the principle of equality for men and women, which was ordered to lie on the table.

He also presented a memorial of sundry citizens (being members of the United States customs guards, and other guards), of the port of New York, N. Y., remonstrating against further furloughs or reduction in their compensation, which was ordered to lie on the table.

He also presented memorials, and papers in the nature of memorials, of sundry citizens and religious and other organizations of the State of New York, remonstrating against the repeal of the eighteenth amendment to the Constitution, or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

REPORT OF COMMITTEE ON TERRITORIES AND INSULAR AFFAIRS

Mr. BINGHAM, from the Committee on Territories and Insular Affairs, to which was referred the bill (H. R. 13959) to authorize the incorporated town of Fairbanks, Alaska, to issue bonds in any sum not exceeding \$100,000 for the purpose of constructing and equipping a public-school building in the town of Fairbanks, Alaska, and for other purposes, reported it without amendment and submitted a report (No. 1108) thereon.

ADDITIONAL BILLS INTRODUCED

Additional bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. REED:

A bill (S. 5504) authorizing the Bushkill Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Delaware River at, or near, Bushkill, Pa.; to the Committee on Commerce.

By Mr. SHEPPARD:

A bill (S. 5505) to amend section 71, title 28, Code of Laws of the United States of America; to the Committee on the Judiciary.

ARRANGEMENTS FOR THE INAUGURAL CEREMONIES

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to introduce two joint resolutions on behalf of the Committee on Inaugural Ceremonies, and request that they may be printed and lie on the table. I also ask that certain

communications relating to the same matter may be printed in the Record.

The VICE PRESIDENT. Without objection, that order will be made.

The joint resolution (S. J. Res. 239) authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933, and for other purposes; and

The joint resolution (S. J. Res. 240) to provide for the quartering, in certain public buildings in the District of Columbia, of troops participating in the inaugural ceremonies, were read twice by their titles, and ordered to lie on the table.

The communications above referred to are as follows:

INAUGURAL COMMITTEE,
January 24, 1933.

HON. JOSEPH T. ROBINSON,
Chairman Inaugural Committee,
Senate, Washington, D. C.

DEAR SENATOR ROBINSON: I herewith inclose two joint resolutions, the longer resolution authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933, and the shorter resolution providing for quartering in public buildings troops participating in the inaugural ceremonies.

The longer resolution is similar to Senate Joint Resolution 180, No. 77, Seventieth Congress, which was approved January 26, 1929, for the last inaugural. The shorter resolution is identical with House Joint Resolution 418, which passed the Senate February 15, calendar day February 18, 1929, and passed the House of Representatives February 16, 1929.

I also inclose the original communications from the Secretary of War, the Secretary of the Navy, the Commissioners of the District of Columbia, and the Director of Public Buildings and Public Parks of the National Capital, approving the longer resolution, and the approval of the Director of Public Buildings and Public Parks of the National Capital of the other resolution, providing for quartering in public buildings troops participating in the inaugural ceremonies.

The inaugural committee will greatly appreciate your efforts to have these joint resolutions passed as promptly as is practical. With sentiments of high regard, I am,

Yours very truly,

LESLIE C. GARNETT,
Chairman Legislative Committee, Inaugural Committee.

WAR DEPARTMENT,
Washington, D. C., January 20, 1933.

MR. LESLIE C. GARNETT,
Chairman Legislative Committee,
Inaugural Committee, Washington, D. C.

DEAR SIR: Careful consideration has been given to the proposed draft of a joint resolution to facilitate the work of your inaugural committee, draft of which was forwarded with your letter of the 16th instant. The draft which you submit appears to be practically identical with legislation heretofore enacted by Congress for similar purposes. It should, therefore, accomplish the purpose you have in mind, and the War Department will be glad to cooperate with your committee in any way desired should the joint resolution be enacted into law.

Sincerely yours,

PATRICK J. HURLEY,
Secretary of War.

THE SECRETARY OF THE NAVY,
Washington, January 21, 1933.

MR. LESLIE C. GARNETT,
Chairman Legislative Committee,
Inaugural Committee, Munsey Building, Washington.

MY DEAR MR. GARNETT: You are authorized to say to the committee of the Seventy-second Congress, which is considering the joint resolution authorizing various things in connection with the inaugural ceremonies, that the Navy approves section 3 of that resolution, authorizing the loan by the Navy to your committee of certain tents, flags, etc., as stated in that section.

Very truly yours,

C. F. ADAMS.

COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
Washington, January 17, 1933.

MR. LESLIE C. GARNETT,
Chairman Legislative Committee,
Inaugural Committee, Washington, D. C.

DEAR MR. GARNETT: The commissioners are in receipt of your letter of January 16, submitting a proposed joint resolution authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933. The proposed resolution meets the approval of the commissioners. It is understood that you intend to present the resolution to Senator ARTHUR CAPPER, chairman of the Senate Committee on the District of Columbia, with request for its in-

roduction and enactment. The commissioners authorize you to state to Senator CAPPER that the proposed legislation has their approval, and they recommend its introduction and enactment.
Very truly yours,

L. H. REICHELDERFER,
President Board of Commissioners
of the District of Columbia.

PUBLIC BUILDINGS AND PUBLIC PARKS
OF THE NATIONAL CAPITAL,
Washington, D. C., January 23, 1933.

Mr. LESLIE C. GARNETT,
Chairman Legislative Committee,
Inaugural Committee, Munsey Building, Washington, D. C.
Subject: Special legislation for inauguration, March 4, 1933.

MY DEAR MR. GARNETT: I am glad to confirm my verbal statement to Mr. Claggett that I have no objection whatever to the two joint resolutions, drafts for which accompanied your note of January 16, 1933.

However, there are a few changes in the wording of the longer one which seems to me desirable for the sake of clarity and correctness, and I, therefore, venture to recommend them to your consideration:

(1) Section 1 refers to "The Director of Public Buildings and Public Parks of the National Capital and such other officers of the District of Columbia and the United States as control any public lands—," therefore "his" should be changed to "their."

(2) Near the end of section 1, "the War Department" occurring in the third line from the bottom evidently does not apply and should be changed to "the United States or the District of Columbia as the case may be," or else simply to "the appropriate agency of the Government."

(3) Section 2, second proviso after "Commissioners of the District of Columbia" add "or such other official as may have jurisdiction on the premises."

(4) Section 4, first line after "the Commissioners of the District of Columbia" add "and the Director of Public Buildings and Public Parks of the National Capital" so that wires can properly be allowed to cross park reservations, too, when necessary.

Very truly yours,

U. S. GRANT, 3d, Director.

FORMER PRESIDENT COOLIDGE AS STATESMAN RELAXED AMONG THE ANTIQUARIANS

Mr. BINGHAM. Mr. President, I ask leave to have published in the RECORD an article by Clarence S. Brigham, director of the American Antiquarian Society, appearing in the Boston Sunday Globe of January 8, 1933, entitled "Where He Was Still President Coolidge After He Left the White House—A Picture of the Statesman Relaxed Among the Antiquarians," and so forth.

There being no objection, the article was ordered to be printed in the RECORD, and it is as follows:

[From the Boston Sunday Globe, January 8, 1933]

WHERE HE WAS STILL PRESIDENT COOLIDGE AFTER HE LEFT THE WHITE HOUSE

A PICTURE OF THE STATESMAN RELAXED AMONG THE ANTIQUARIANS—HE TOLD THEM OF READING THE WHOLE OF DANTE IN ORIGINAL ITALIAN—TOLD THEM, TOO, THAT HE DIDN'T THINK MUCH OF HIS SPEECH IN LAST CAMPAIGN

The death of Calvin Coolidge is a great loss to the American Antiquarian Society, for he not only brought prestige to the organization, but showed an active and continued interest in its welfare. Mr. Coolidge was elected president of the society in October, 1929, largely upon the suggestion of Chief Justice Rugg, who was first vice president. Once I asked him the reason why he had taken on this position, when he had declined so many others. He replied that it was partly due to the fact that any request made to him by Chief Justice Rugg was worthy of the most careful consideration, but chiefly because he wanted to continue personal contacts with his fellowmen.

It must have been a great change to Mr. Coolidge, after so many active years in politics, suddenly to be retired to private life and to live in a small New England city, where there were few outside contacts except those of his own choosing. He saw some partial relief from this condition in the knowledge that through the Antiquarian Society he would meet several times each year men from various sections of the country, even though they worked in a field with which he was unfamiliar. I think that this desire for an occasional excursion into public life must also have influenced him in his accepting membership on the board of the New York Life Insurance Co., which took him to New York, where he was brought into contact with men of prominence in the world of business affairs.

He was a man of far greater culture than was generally realized. One night he asked if I did not have some fine early binding, so I showed him an edition of Dante which was translated into English in a volume of over 600 pages. I remarked, "Who could ever wade through this bulky volume?"

And to my surprise he answered, "I once read the whole of Dante in the original Italian."

"What!" I replied. "That would seem to me almost an impossibility. Did you do it in your college days?"

"No," he said, "it was years after I graduated from college, and I did not finish it until after I was married." Then he continued: "I always liked Italian and French and read many books in the original, but German was considerable of a stumblingblock."

He told me about the building up of his library at the White House. When he first went there he said that there was little more than a long set of Blackwood's Magazine, which he relegated to the attic. Then the books began to pile up until when he left Washington for Northampton there were 40 cases of books, with over 4,000 volumes in all. When the farmhouse at Plymouth was remodeled, place was made for this library, and the planning and filling of this room was a source of great pleasure to him. He said that in practically every volume he had placed his bookplate, the work having been done in Washington by some workers who came over from the Library of Congress. I said: "But what did you leave at the White House?" And he replied: "The set of Blackwood's Magazine."

Political speechmaking was a tremendous bore to Mr. Coolidge, and he thought it much overdone. He had made his notable campaign speech in behalf of Hoover only a week or so before he visited me on October 17. I told him that I thought his speech a remarkably fine document and that it sounded very well over the radio. He said: "I didn't think much of it. I expected that I would have 10 days to prepare it, and finally prepared it in 3. Writing it in Plymouth didn't give me much time to verify my facts." I said: "Are you going to make another speech during the campaign?" "No," he replied, "one speech is better than six." During the tercentenary year in Massachusetts he had over 200 requests to make speeches at various towns in the State, and he made but one.

One of the most notable characteristics shown by Mr. Coolidge in conversation, as well as in public utterance, was his fairness and impartiality. He could always look at both sides of an argument and seldom did he make up his mind until he had heard all sides. I referred to high wages as a primary cause of inflation. He said, "Don't forget that many employers are responsible for higher wages, for it gives them the opportunity for increased profits." He could see the side of the workingman just as readily as that of the operator.

At a council dinner a member was discoursing interestingly on the curious collections that people made—paper match covers, golf tees, or cigar bands. "Why, I even knew a man once who collected razors." Mr. Coolidge murmured to me in a low tone: "That must have been a colored man."

His conversation was frequently punctuated with epigrams or observations containing subtle wit. This even came to the surface during his conduct of a meeting when a council member was telling of the great value of the Gutenberg Bible and of the magnificent copy which Congress had recently bought from a European collector for a fabulous sum. "Well," Mr. Coolidge remarked, "I should think that an ordinary copy of the King James version would have been good enough for those Congressmen."

Once when lunching at Northampton he gave me what he called a real Vermont meal, with soup and cheese and apple pie with maple sirup. A short while later when he was in Worcester, I gave him a Rhode Island meal, with steak and johnnycakes, ending up with apple pie for dessert. He almost always referred to this meal when he came again to Worcester, and said that it was several days before he recovered from it, that he would have to be careful how he accepted invitations from me for luncheon which turned out to be dinner. As a matter of fact, he ate rather sparingly, seldom taking fruit for breakfast and having at least one light meal for the remainder of the day.

I think that Mr. Coolidge's most outstanding trait was his kindness and his sympathy. He never forgot a friend and had a surprising habit of remembering trivial happenings if they concerned those whom he liked. He had the faculty of inspiring a really fond affection from those with whom he was closely brought into contact. Perhaps there are some sides of his character which were put on sometimes to save embarrassment and sometimes to save trouble. His character was so strongly made up of honesty, fairness, adherence to ideals, and courage that all other qualities sink into insignificance.

The American Antiquarian Society had numbered eight Presidents of the United States in its membership and had had ex-President Taft upon its council, but no President had ever been one of its chief officers. After retiring from the Presidency, Mr. Coolidge had many positions offered to him, educational as well as commercial, but all of these he had steadfastly refused. Therefore we were rather surprised when he signified his willingness to accept the presidency of the organization, although he was somewhat familiar with its work and, because of near-by residence, knew many of its officers.

The first meeting at which Mr. Coolidge presided was in Boston in April, 1930. There he made a graceful speech of acceptance, in which he referred to the value of the study of history and his belief in the work which the society was doing. With a rather personal touch, he said that he could still be addressed as "Mr. President" and feel that the phrase was not a misnomer. This particular meeting in Boston was rather significant in that the two important subjects discussed were connected with the lives of Presidents Washington and Jefferson, that one of the papers was read by the son of President Tyler, and that the meeting was presided over by Mr. Coolidge himself.

Generally speaking, Mr. Coolidge said very little in conducting the meetings of the society, but attended strictly to the business of the meeting, just as he had done in presiding over political bodies. He rapidly fell into the routine of the society's work, taking over

whatever duties came to him. He wrote and read the report of the council in October, 1930 and 1931. But in October, 1932, he asked to be excused, saying that duties placed upon him in connection with the political campaign then in progress and his connection with the railroad investigation gave him little spare time.

Mr. Coolidge always showed much interest in the society's collection and frequently sent to the library books and documents which he thought would be useful. One late summer day in 1931 I spent most of the afternoon looking over some of the old family books which were in the storeroom back of the old farmhouse at Plymouth. Mr. Coolidge stood by, making remarks about the value of old schoolbooks and about the little opportunity for reading which the early New Englanders enjoyed, and acceding to practically every request on my part for certain books which would be of use in the Antiquarian Society's library.

On January 4, the very night before he died, he mailed to the society an envelope with several early documents, written by members of the Coolidge family, although not those of his own particular line. Only this coming week I had planned to visit him at Northampton to talk over certain matters regarding the increase of the society's library.

Mr. Coolidge did not miss a single meeting of the council during the three years that he was president. There were 4 meetings a year and this meant 12 meetings in all. Generally he visited my house in Worcester, arriving just before luncheon, which left half an hour to talk and smoke before the council meeting. He was an inveterate smoker, preferring mild domestic cigars. At the time of the annual meeting in October—that is, in October, 1930 and 1932—he stayed overnight at my house, which meant a longer period for conversation and reminiscence.

THE BROOKLYN EDISON CO.—ARTICLE BY JEROME COUNT

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD an article published in the Nation of January 18, 1933, entitled "The Brooklyn Edison Co. Against the Public," by Jerome Count.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BROOKLYN EDISON AGAINST THE PUBLIC By Jerome Count

Hard times seem to mean little or nothing to the stockholders and managers of the electric-power industry. Although some of the holding companies have collapsed, to the detriment of thousands of stockholders, most of the large operating companies have, despite the depression, continued to pile up huge profits and pay good dividends. Only the consumers and workers have failed to share in this remarkable prosperity. Indeed, these two groups, but particularly the latter, have had to undergo sacrifices in order that the inflated dividend record of some of the utilities might be maintained. This is especially true in the case of the Brooklyn Edison Co., which through good times and bad for 29 years has not once failed to declare its regular annual dividend of 8 per cent. This record remained unbroken in 1932. Thus, by virtue of a state-protected monopoly on Brooklyn's electric business, the original stock of the Brooklyn Edison Co. has now been redeemed two and a half times over.

An 8 per cent dividend might not appear excessive at first glance, but when examined in its relation to other factors its excessive nature stands clearly revealed. For example, the profits available for payment of dividends by Brooklyn Edison have amounted during the depression to approximately 30 per cent of the gross income of the company. In 1931 the sum of \$13,400,000 was available for dividends, as compared with gross sales in that year of \$48,000,000. In 1930, \$13,700,000 was available for this purpose out of \$46,000,000 gross income. The dividends actually paid in 1931 amounted to \$8,800,000, and \$10,000,000 was paid out in 1932.

Brooklyn Edison's continued payment of dividends presents a marked contrast both to its labor policy and to the needs of the community to which it supplies electricity. Its issued capital stock increased from \$19,000,000 in 1921 to \$125,000,000 ten years later. This means that the 8 per cent dividend rate is now paid on 600 per cent more stock than a decade ago. Electric consumption, however, has increased only 10 to 15 per cent each year. Dividend tribute levied upon the people of Brooklyn has increased five times more rapidly than their demand for electric service. Meanwhile, Brooklyn Edison has not neglected its future. It added \$4,200,000 in 1931 to its surplus of \$26,500,000. Its reserves were increased to \$20,000,000. Its surplus has been increased by 250 per cent in the past five years alone.

With these facts a matter of record, it was astonishing to learn recently that 3,000 more men had been discharged by the company, increasing the lay-off to 5,000 for 1931 and 1932. Determined protests by the Brotherhood of Edison Employees have brought no relief, and it is fitting to inquire into Brooklyn Edison's labor policy as contrasted with its huge accelerated profits. The most recent reports disclose that Brooklyn Edison business for these two years will show a net increase of 38,000 kilowatt-hours in electric sales over the year 1930. Dividends for 1932 totaled \$10,000,000—\$1,200,000 more than was paid in 1931 and \$2,800,000 more than in 1928, 1929, or 1930. Since 1921 the annual dividends paid have increased at the rate of 60 per cent. The pay roll, however, has increased only at the rate of 15 per cent each year—an increase in labor force and not in average wage.

It is significant that while the increase in the share of labor coincides with the increased demand for electricity—15 per cent annually—the stockholders' share in the benefits of a decade's expansion in this industry has exceeded both by 400 per cent. The year 1931 intensified this injustice by decreasing the pay roll by \$1,126,017, while dividends increased by \$1,600,000. The year 1932 rounded all previous Brooklyn Edison achievements with a \$4,000,000 decrease in wage payments as compared with 1930, and a \$2,800,000 increase in dividends compared with the same year.

The prospects for Edison employees are more dismal for 1933. Construction work will reach the vanishing point and wage cuts are threatened, but dividends will continue their unbroken record of 29 years. There is even danger that Brooklyn Edison will issue \$15,000,000 more stock, now held in reserve, and again increase dividends by \$1,200,000. The significance of these figures is even more striking when they are reduced to terms of the average worker and the average stockholder. In a typical year, 1926—before the Consolidated Gas Co. assumed control of Brooklyn Edison—8,666 employees, devoting their entire year's labor to the production and distribution of electricity to more than 2,000,000 people, received an average annual wage per man of \$1,500. The sum of \$500, or one-third of this wage, was paid to 11,343 average stockholders enjoying the privileges of absentee ownership. The dividends distributed were equal to 48 per cent of the total amount paid to wage earners. The elimination of dividends would have raised a miserable wage level—less than \$30 a week in the boom year 1926—to \$2,000 a year. It is well known that many skilled Edison employees, supporting families, earned little more than \$25 weekly in boom times, while union men were paid two and three times as much. Mr. J. C. Parker, president of the Brooklyn Edison, has suggested that the relative permanence of jobs in his company justified the meager wages paid. Fourteen thousand Brooklyn Edison workers believed that thesis at the beginning of 1931. Since then 5,000 of them have become completely disillusioned; 2,000 workers have been out of the company's employ for two years and 3,000 more were dropped in 1932. These 5,000 men could have been retained at a cost of \$5,000,000. During the same period Brooklyn Edison had \$25,000,000 available for dividends (of which \$18,800,000 was actually paid) and reserves of \$22,000,000 were accumulated.

The desperate plight of Edison men, as a result of this inequitable labor policy, was brought out at a hearing held by the public committee on power utilities and labor. A young worker 27 years old, with a wife and two children to support, was asked to describe his circumstances since his discharge from the company. He testified: "My present circumstances are that I haven't worked for four months. The only job I received was a couple of days ago and I made \$2. The relief committee paid my month's rent for me and supplied me with \$2.50 a week to eat on." Mr. Parker, president of the Brooklyn Edison, with singular irony, was chairman of what his former employee calls the "relief committee" in the recent drive for unemployment relief funds. Mr. Parker pleaded with Brooklyn to donate \$1,250,000. He apparently sees no moral problem involved in thus committing arson with one hand and playing the hose with the other.

It has been declared by Mr. Parker that construction projects on which these men were employed have been completed and, in his own words, "when a house is built, it can't be built again." Let us examine this claim. In 1928 Brooklyn Edison laid out a 10-year construction program, including replacement of overhead wires and improvement of distribution facilities generally. After the second year of this 10-year program, Brooklyn Edison discharged 40 per cent of its force and left 36,000,000 feet of overhead electric wire still to be placed underground. The State legislature declared this change to be a public necessity 40 years ago, but at the rate at which it has progressed during the past five years, 40 years more will be required for its completion. Yet Mr. Parker insists that Brooklyn Edison has no work for these 5,000 men to do.

Similarly, there are 15,000 customers whose service is to be transferred from direct to alternating current. Mention this to Mr. Parker and he answers, "We are way ahead of schedule." Excessive rates and underpaid and insecure employees are the keystone of Edison prosperity. The public service commission has proved incapable of obtaining reasonable rates, and until recently has avoided all responsibility for labor conditions in public utilities. Although it is believed that the present law grants adequate authority to act, public bodies have sought an express legislative mandate for 15 years to direct the commission to deal with its problem. The constant threat of discharge hangs over the heads of Edison employees affiliating themselves with union activities. The American Federation of Labor has failed to take effective action against an illicit agreement between the electricians' union and the Edison system whereby the union maintains a "hands-off" policy. Labor and the consumers have met defeat at every turn.

When Brooklyn Edison was combined with the Consolidated Gas system, Morris L. Ernst, representing the public committee on power, endeavored to oppose the public service commission's unconditional approval of this deal and was all but ousted from the so-called public hearings. It is not without interest to analyze the results of this consolidation. According to Matthew S. Sloan, then president of the Brooklyn Edison Co., the unification meant an annual saving of \$17,700,000 to the companies. Within the space of a few months the Consolidated system raised its dividend rate by \$8,000,000 per annum, and in the following year the dividends were again increased, so that the former holders

of Brooklyn Edison and Consolidated stock received \$18,000,000 in additional dividends just after the combination took place.

The last official report of the public service commission reflects the stockholders' rewards from this deal. In the year following the combination dividend payments in the gas and electric industry of New York City, dominated primarily by the Consolidated system, amounted to \$43,600,000, representing an increase of 33 per cent over the previous year. During the same year, however, employment (as measured by wages in the industry) increased only 3 per cent. Again, in the following year, dividends were increased by an additional 25 per cent—almost \$11,000,000. The pay roll increased only 5 per cent. Thus, during the two years immediately following the merger of Brooklyn Edison with Consolidated Gas, labor received the benefits of increased industry to the extent of 8 per cent, while stockholders reaped 58 per cent more dividends. At the same time the demand for power and gas increased only 10 per cent, while the public paid the same excessive rates. The files of the Public Service Commission reek with Edison scandal: \$70,000,000 in accumulated "unification savings" was to be passed on to the public in the form of reduced rates, according to a promise made by Mr. Sloan five years ago, but this has not been done; \$150,000,000 in fictitious capitalization is still awaiting investigation; a \$50,000,000 permanent annual dividend load paid by consumers is still to be justified; other and hardly less important matters need looking into.

Fifteen years of struggle against this situation, during which the public service commission has been besieged with protests, petitions, and complaints, have been virtually barren of results. In fact, the only concrete action taken resulted in a substantial increase in the rates paid by small consumers of electricity. It was announced that the company must have the right to charge a minimum rate as a necessary condition to a well-advertised plan of a "voluntary reduction" of \$5,500,000 offered by the Consolidated system in 1930. The reduced rates became effective, however, only when the consumer used more than a specified amount of electricity. Experience has proved that the "reduction" resulted in an increase for 50 per cent of the consumers who were forced to pay the new minimum rate; while the only buyers of electricity who profited by the reduction were the large users, industrial and otherwise.

Lest the consumer despair, it may be said that a recent report had it that the commission is opposed to further increases in rates except under "special conditions." Those who have their ears to the ground, however, are unable to report that rate reductions have even been rumored.

RECESS

Mr. McNARY. I move that the Senate take a recess until 11 o'clock to-morrow.

The motion was agreed to; and the Senate (at 10 o'clock p. m.) took a recess until to-morrow, Wednesday, January 25, 1933, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate January 24 (legislative day of January 10), 1933

REGISTER OF THE LAND OFFICE

Walter Spencer, of Colorado, to be register of the land office at Denver, Colo. (Reappointment, effective February 23, 1933.)

COAST GUARD

The following-named temporary commissioned officers to be ensigns in the Coast Guard of the United States, to rank as such from date of commission:

Ensign (Temporary) Alvin H. Giffin.
Ensign (Temporary) Joe G. Lawrence.
Ensign (Temporary) James A. Alger, jr.
Ensign (Temporary) Robert S. Lecky.

POSTMASTERS

ALABAMA

James W. Snipes to be postmaster at Florala, Ala., in place of J. W. Snipes. Incumbent's commission expires February 2, 1933.

Madison D. Majors to be postmaster at Georgiana, Ala., in place of M. D. Majors. Incumbent's commission expires February 11, 1933.

John H. Lynn to be postmaster at Summerdale, Ala., in place of J. H. Lynn. Incumbent's commission expires February 14, 1933.

John F. Morton to be postmaster at Tuscaloosa, Ala., in place of J. F. Morton. Incumbent's commission expires February 2, 1933.

Evelyn E. Morgan to be postmaster at Uniontown, Ala., in place of E. E. Morgan. Incumbent's commission expires February 2, 1933.

William H. McCalman to be postmaster at Vinemont, Ala., in place of W. H. McCalman. Incumbent's commission expires February 11, 1933.

Rupert M. Bearden to be postmaster at West Blocton, Ala., in place of R. M. Bearden. Incumbent's commission expires February 9, 1933.

ARKANSAS

Pearl Knod to be postmaster at Gillham, Ark., in place of Pearl Knod. Incumbent's commission expires February 13, 1933.

Estelle Baynham to be postmaster at Success, Ark., in place of Estelle Baynham. Incumbent's commission expires February 13, 1933.

CALIFORNIA

Charles D. Heywood to be postmaster at Berkeley, Calif., in place of C. D. Heywood. Incumbent's commission expires February 5, 1933.

Charles T. Myers to be postmaster at El Monte, Calif., in place of C. T. Myers. Incumbent's commission expires February 5, 1933.

Pearl S. Templeton to be postmaster at Fellows, Calif., in place of P. S. Templeton. Incumbent's commission expires February 5, 1933.

Michael G. Callaghan to be postmaster at Livermore, Calif., in place of M. G. Callaghan. Incumbent's commission expires February 5, 1933.

Clayton C. Troxel to be postmaster at Riverside, Calif., in place of C. C. Troxel. Incumbent's commission expires February 28, 1933.

Leo H. Vishoot to be postmaster at Sunnyvale, Calif., in place of L. H. Vishoot. Incumbent's commission expires February 5, 1933.

Raymond J. Schulze to be postmaster at Veterans' Home, Calif., in place of R. J. Schulze. Incumbent's commission expires February 5, 1933.

COLORADO

Beulah J. Wright to be postmaster at Estes Park, Colo., in place of B. J. Wright. Incumbent's commission expired December 14, 1932.

DELAWARE

Levin R. Hill to be postmaster at Selbyville, Del., in place of L. R. Hill. Incumbent's commission expires February 15, 1933.

IDAHO

Albert O. Edwards to be postmaster at Grangeville, Idaho, in place of A. O. Edwards. Incumbent's commission expires February 9, 1933.

J. Howard Howe to be postmaster at Lewiston, Idaho, in place of J. H. Howe. Incumbent's commission expired January 26, 1933.

ILLINOIS

Eva B. Perryman to be postmaster at Cowden, Ill., in place of E. B. Perryman. Incumbent's commission expires February 8, 1933.

Ralph C. Williams to be postmaster at Edinburg, Ill., in place of R. C. Williams. Incumbent's commission expires February 5, 1933.

Edwin A. Mead to be postmaster at Hebron, Ill., in place of E. A. Mead. Incumbent's commission expires February 12, 1933.

Otto G. Striegel to be postmaster at Litchfield, Ill., in place of O. G. Striegel. Incumbent's commission expires February 14, 1933.

Jesse E. Meharry to be postmaster at Tolono, Ill., in place of J. E. Meharry. Incumbent's commission expires February 5, 1933.

Lucy H. Renich to be postmaster at Woodstock, Ill., in place of L. H. Renich. Incumbent's commission expires February 12, 1933.

INDIANA

Harry D. Bodenhafer to be postmaster at Kendallville, Ind., in place of H. D. Bodenhafer. Incumbent's commission expired January 19, 1933.

Dudley Fielding to be postmaster at Tipton, Ind., in place of C. L. Grishaw, deceased.

IOWA

Ida Kelly to be postmaster at Harpers Ferry, Iowa, in place of Ida Kelly. Incumbent's commission expired January 19, 1933.

Finley E. Dutton to be postmaster at Manchester, Iowa, in place of F. E. Dutton. Incumbent's commission expires February 8, 1933.

KANSAS

Axel F. Holmgren to be postmaster at Lincolnville, Kans., in place of A. F. Holmgren. Incumbent's commission expires February 13, 1933.

LOUISIANA

Jason Taylor to be postmaster at Newellton, La., in place of Jason Taylor. Incumbent's commission expires February 9, 1933.

MARYLAND

Roland M. White to be postmaster at Princess Anne, Md., in place of R. M. White. Incumbent's commission expires February 15, 1933.

Mrs. Luther B. Miller to be postmaster at Williamsport, Md., in place of Mrs. L. B. Miller. Incumbent's commission expired January 19, 1933.

MASSACHUSETTS

Albin K. Parker to be postmaster at Norwood, Mass., in place of A. K. Parker. Incumbent's commission expires February 13, 1933.

MICHIGAN

Edward Keisu to be postmaster at Calumet, Mich., in place of Edward Keisu. Incumbent's commission expires February 13, 1933.

Ronald H. Macdonald to be postmaster at Dollar Bay, Mich., in place of R. H. Macdonald. Incumbent's commission expires February 9, 1933.

Frank Leonard to be postmaster at Hubbell, Mich., in place of Frank Leonard. Incumbent's commission expires February 9, 1933.

Charles J. Larson to be postmaster at Ironwood, Mich., in place of C. J. Larson. Incumbent's commission expires February 13, 1933.

MINNESOTA

Willie W. Bunday to be postmaster at Dennison, Minn., in place of W. W. Bunday. Incumbent's commission expires February 9, 1933.

Oswald H. Jacobson to be postmaster at Rothsay, Minn., in place of O. H. Jacobson. Incumbent's commission expires February 9, 1933.

Frank W. Hanson to be postmaster at Rush City, Minn., in place of F. W. Hanson. Incumbent's commission expires February 9, 1933.

Elizabeth C. Bahr to be postmaster at Waconia, Minn., in place of E. C. Bahr. Incumbent's commission expires February 12, 1933.

Halbert Loken to be postmaster at Wanamingo, Minn., in place of Iver Tiller, deceased.

Arnold C. Klug to be postmaster at Zumbrota, Minn., in place of A. C. Klug. Incumbent's commission expires February 9, 1933.

MISSOURI

Ire E. Knight to be postmaster at Conway, Mo., in place of I. E. Knight. Incumbent's commission expires February 9, 1933.

Anna Tabler to be postmaster at Jasper, Mo., in place of Anna Tabler. Incumbent's commission expires February 1, 1933.

Elizabeth E. Letton to be postmaster at Mindenmines, Mo., in place of E. E. Letton. Incumbent's commission expires February 12, 1933.

Bert G. Bottorff to be postmaster at New London, Mo., in place of B. G. Bottorff. Incumbent's commission expires February 9, 1933.

William H. Reynolds to be postmaster at Smithton, Mo., in place of W. H. Reynolds. Incumbent's commission expires February 1, 1933.

Roy E. Dusenbery to be postmaster at Van Buren, Mo., in place of R. E. Dusenbery. Incumbent's commission expires February 1, 1933.

MONTANA

Myrtle H. Keselring to be postmaster at Sunburst, Mont., in place of M. H. Keselring. Incumbent's commission expires February 9, 1933.

NEBRASKA

Eugene V. Hickok to be postmaster at Atkinson, Nebr., in place of E. V. Hickok. Incumbent's commission expires February 9, 1933.

Henry C. Blome to be postmaster at Dalton, Nebr., in place of H. C. Blome. Incumbent's commission expired January 18, 1933.

NEVADA

Katie O'Connor to be postmaster at Virginia City, Nev., in place of Katie O'Connor. Incumbent's commission expires February 9, 1933.

NEW HAMPSHIRE

Blanche W. Drew to be postmaster at Intervale, N. H., in place of B. W. Drew. Incumbent's commission expires February 11, 1933.

NEW JERSEY

Joseph B. Kronenberg to be postmaster at Bernardsville, N. J., in place of J. B. Kronenberg. Incumbent's commission expires February 12, 1933.

Lester Quigley to be postmaster at Manville, N. J., in place of Lester Quigley. Incumbent's commission expires February 12, 1933.

Charles J. Newman to be postmaster at Newfoundland, N. J., in place of C. J. Newman. Incumbent's commission expires February 12, 1933.

Nicholas A. Chasse to be postmaster at South Orange, N. J., in place of N. A. Chasse. Incumbent's commission expires February 12, 1933.

William B. Lance to be postmaster at Stanhope, N. J., in place of W. B. Lance. Incumbent's commission expired February 2, 1932.

NEW MEXICO

George A. Titsworth to be postmaster at Capitan, N. Mex., in place of G. A. Titsworth. Incumbent's commission expires February 2, 1933.

NEW YORK

William B. Hagan to be postmaster at Bloomingburg, N. Y., in place of W. B. Hagan. Incumbent's commission expires January 30, 1933.

Kenneth C. Steblen to be postmaster at Cape Vincent, N. Y., in place of K. C. Steblen. Incumbent's commission expires February 9, 1933.

John Sparks to be postmaster at Eldred, N. Y., in place of John Sparks. Incumbent's commission expired January 18, 1933.

Grace S. G. Davies to be postmaster at Lake Kushaqua, N. Y., in place of G. S. G. Davies. Incumbent's commission expires January 30, 1933.

Bertha B. Howland to be postmaster at Lisle, N. Y., in place of B. B. Howland. Incumbent's commission expires February 8, 1933.

Alfred E. Butler to be postmaster at Suffern, N. Y., in place of A. E. Butler. Incumbent's commission expired December 12, 1932.

NORTH CAROLINA

Roscoe L. Nicholson to be postmaster at Brevard, N. C., in place of R. L. Nicholson. Incumbent's commission expires February 11, 1933.

Miles S. Elliott to be postmaster at Edenton, N. C., in place of M. S. Elliott. Incumbent's commission expires February 8, 1933.

A. Irvin Jolley to be postmaster at Mooresboro, N. C., in place of A. I. Jolley. Incumbent's commission expires February 8, 1933.

Rudolph E. Walters to be postmaster at North Wilkesboro, N. C., in place of R. E. Walters. Incumbent's commission expires February 11, 1933.

James V. Benfield to be postmaster at Valdese, N. C., in place of J. V. Benfield. Incumbent's commission expires February 1, 1933.

Thomas J. Henderson to be postmaster at Yanceyville, N. C., in place of T. J. Henderson. Incumbent's commission expires January 29, 1933.

OHIO

William E. Pangburn to be postmaster at Felicity, Ohio, in place of W. E. Pangburn. Incumbent's commission expires February 13, 1933.

Harriett E. Craig to be postmaster at Neffs, Ohio, in place of H. E. Craig. Incumbent's commission expires February 11, 1933.

OKLAHOMA

Joseph T. Dillard to be postmaster at Waurika, Okla., in place of J. T. Dillard. Incumbent's commission expires February 8, 1933.

PENNSYLVANIA

Charles O. Smith to be postmaster at Black Lick, Pa., in place of C. O. Smith. Incumbent's commission expires February 8, 1933.

Lillian K. Strong to be postmaster at Columbia Cross Roads, Pa., in place of L. K. Strong. Incumbent's commission expires January 26, 1933.

Jennie S. Curren to be postmaster at Gordon, Pa., in place of J. S. Curren. Incumbent's commission expires February 9, 1933.

Fred L. White to be postmaster at Great Bend, Pa., in place of F. L. White. Incumbent's commission expires January 29, 1933.

Russell J. Horne to be postmaster at Marianna, Pa., in place of R. J. Horne. Incumbent's commission expires February 9, 1933.

Wallis G. Detrick to be postmaster at Milford, Pa., in place of W. G. Detrick. Incumbent's commission expired January 19, 1933.

Lucy A. Truax to be postmaster at Robertsdale, Pa., in place of L. A. Truax. Incumbent's commission expires February 8, 1933.

Anna H. Slattery to be postmaster at St. Clair, Pa., in place of W. W. Thorn. Incumbent's commission expired May 26, 1932.

William E. Bowers to be postmaster at Waynesboro, Pa., in place of W. E. Bowers. Incumbent's commission expired February 2, 1932.

Clarence E. Grim to be postmaster at Windsor, Pa., in place of C. E. Grim. Incumbent's commission expired January 19, 1933.

SOUTH CAROLINA

Charles D. Blaylock to be postmaster at Greenwood, S. C., in place of H. E. Tolbert, removed.

George R. Hudson to be postmaster at Williston, S. C., in place of G. R. Hudson. Incumbent's commission expired January 8, 1933.

SOUTH DAKOTA

Calvin F. Barber to be postmaster at Agar, S. Dak., in place of C. F. Barber. Incumbent's commission expires February 5, 1933.

Julius S. Clevan to be postmaster at Brookings, S. Dak., in place of J. S. Clevan. Incumbent's commission expires February 9, 1933.

Irene H. Olsen to be postmaster at Eureka, S. Dak., in place of I. H. Olsen. Incumbent's commission expires February 9, 1933.

Louis Damberger to be postmaster at Herreid, S. Dak., in place of Louis Damberger. Incumbent's commission expires February 5, 1933.

Thelma L. Campman to be postmaster at Isabel, S. Dak., in place of T. L. Campman. Incumbent's commission expires February 5, 1933.

TENNESSEE

Jesse W. Alexander to be postmaster at Carthage, Tenn., in place of J. W. Alexander. Incumbent's commission expired January 11, 1933.

Ollie F. Minton to be postmaster at Nashville, Tenn., in place of O. F. Minton. Incumbent's commission expired January 11, 1933.

John G. Holmes to be postmaster at Trezevant, Tenn., in place of J. G. Holmes. Incumbent's commission expires February 2, 1933.

TEXAS

Gertrude E. Berger to be postmaster at Boling, Tex., in place of G. E. Berger. Incumbent's commission expired January 16, 1933.

Winnie B. Carroll to be postmaster at Center, Tex., in place of W. B. Carroll. Incumbent's commission expired January 5, 1933.

Robert J. King to be postmaster at Clarksville, Tex., in place of R. J. King. Incumbent's commission expired December 20, 1932.

Brice C. Howard to be postmaster at Damon, Tex., in place of B. C. Howard. Incumbent's commission expired December 20, 1932.

William G. Shelton to be postmaster at East Bernard, Tex., in place of W. G. Shelton. Incumbent's commission expired December 20, 1932.

Tom S. Kent, jr., to be postmaster at Grapeland, Tex., in place of W. T. Pridgen. Incumbent's commission expired March 21, 1932.

Carl E. Range to be postmaster at Irving, Tex. Office became presidential April 1, 1924.

Olive L. Stephens to be postmaster at Olden, Tex., in place of O. L. Stephens. Incumbent's commission expires February 8, 1933.

Charles A. Young to be postmaster at Pecos, Tex., in place of C. A. Young. Incumbent's commission expired January 16, 1933.

Edward H. Reinhard to be postmaster at Poth, Tex., in place of E. H. Reinhard. Incumbent's commission expired January 8, 1933.

Thomas A. Calhoun to be postmaster at Somerville, Tex., in place of R. D. Sterling, removed.

VIRGINIA

Mattie C. Berry to be postmaster at Accomac, Va., in place of M. C. Berry. Incumbent's commission expires January 29, 1933.

Byron Austin to be postmaster at Falls Church, Va., in place of Byron Austin. Incumbent's commission expired December 20, 1932.

William A. Coates to be postmaster at South Washington, Va., in place of W. A. Coates. Incumbent's commission expires February 9, 1933.

WEST VIRGINIA

Jenkin Jones to be postmaster at Follansbee, W. Va., in place of C. B. Dodd, resigned.

Ernest L. Head to be postmaster at Jenkinjones, W. Va., in place of E. L. Head. Incumbent's commission expires February 11, 1933.

Elmer E. Radabaugh to be postmaster at Mason Town, W. Va., in place of E. E. Radabaugh. Incumbent's commission expired January 9, 1932.

Thomas E. Clovis to be postmaster at Pennsboro, W. Va., in place of T. E. Clovis. Incumbent's commission expires February 14, 1933.

WISCONSIN

Lawrence A. Fjelsted to be postmaster at Colfax, Wis., in place of L. A. Fjelsted. Incumbent's commission expires February 8, 1933.

George F. Kimball to be postmaster at Janesville, Wis., in place of G. F. Kimball. Incumbent's commission expires February 8, 1933.

Helen L. Menzner to be postmaster at Marathon, Wis., in place of H. L. Menzner. Incumbent's commission expires February 8, 1933.

WYOMING

Henry H. Loucks to be postmaster at Sheridan, Wyo., in place of H. H. Loucks. Incumbent's commission expires February 1, 1933.

Elsie C. Mann to be postmaster at Yoder, Wyo., in place of E. C. Mann. Incumbent's commission expires February 14, 1933.

WITHDRAWALS

Executive nomination withdrawn from the Senate January 24 (legislative day of January 10), 1933

MARINE CORPS

First Lieut. Adolph Stahlberger (deceased) to be a captain in the Marine Corps from the 25th day of December, 1932.

HOUSE OF REPRESENTATIVES

TUESDAY, JANUARY 24, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, the Master of Galilee hath said, "Learn of me." We thank Thee for Him who is the one outstanding Teacher of the art of right living. He passed through such manifold and contrasted circumstances, exercising such wondrous courage and strength, that He compels our most humble and reverent admiration. Yes, Blessed Lord, let us learn of Him in joy and in sorrow, in labor and in leisure, in success and in failure. In all these experiences may He steady our souls and guide us in the way. O may His examples glow in our conduct until they become the very music and poetry of our daily lives. Quickened our consciences toward all things upright and warm our hearts toward all things good. Bless us all with that love that lies beyond earth's fairest things. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had agreed to the amendments of the House to bills of the Senate of the following titles:

S. 5131. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Cannelton, Ind.; and

S. 5232. An act to extend the time for completing the construction of a bridge across the Missouri River at or near St. Charles, Mo.

CALENDAR WEDNESDAY

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that on to-morrow business in order on Calendar Wednesday may be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. LaGUARDIA. Reserving the right to object, and I shall not object, I wonder if the distinguished floor leader can inform us if the Committee on Patents, which committee has the next call on the calendar, will come forward at any time this session with the copyright bill?

Mr. RAINEY. I am sorry I can not answer the gentleman's question.

The SPEAKER. Is there objection?
There was no objection.

INDIANS OF THE FIVE CIVILIZED TRIBES

Mr. HOWARD. Mr. Speaker, I call up the conference report on the bill (H. R. 8750) relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma, and I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska [Mr. Howard]?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8750) relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, and 4; and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert:

"Sec. 2. The Secretary of the Interior be, and he is hereby, authorized to permit, in his discretion and subject to his approval, any Indian of the Five Civilized Tribes over the age of 21 years having restricted funds or other property subject to the supervision of the Secretary of the Interior, to create and establish, out of the restricted funds or other property, trusts for the benefits of such Indian, his heirs, or other beneficiaries designated by him, such trusts to be created by contracts or agreements by and between the Indian and incorporated trust companies or such banks as may be authorized by law to act as fiduciaries or trustees: *Provided*, That no trust company or bank shall be trustee in any trust created under this act which has paid or promised to pay to any person other than an officer or employee on the regular pay roll thereof any charge, fee, commission, or remuneration for any service or influence in securing or attempting to secure for it the trusteeship in any trust: *Provided further*, That all trust agreements or contracts made or entered into prior to the date of approval of this act, and all contracts or agreements made or entered into prior to said date providing for or looking to the creation of such trust or trusts shall be null and void unless such contracts or agreements shall have heretofore been approved by the Secretary of the Interior.

"Sec. 3. The Secretary of the Interior be, and he is hereby, authorized, upon the execution and approval of any trust agreement or contract as herein provided, to transfer, or cause to be transferred, to the trustee, from the individual restricted or trust funds or other restricted property of the respective Indian, the funds or property required by the terms of the approved agreement, and the funds or property so transferred shall in each case be held by the trustee subject to the terms and conditions of the trust agreement or contract creating the trust, separate and apart from all assets, investments, or trust estates in the hands of said trustee.

"Sec. 4. None of the restrictions upon the funds or property transferred under the terms of any such trust agreement or contract shall be in any manner released during the continuance of the restriction period now or hereafter provided by law, except as provided by the terms of such agreement or contract, and neither the corpus of said trust nor the income derived therefrom shall, during the restriction period provided by law, be subject to alienation, or encumbrance, nor to the satisfaction of any debt or other liability of any beneficiary of such trust during the said restriction period. The trustee shall render an annual accounting to the Secretary of the Interior and to the beneficiary or beneficiaries to whom the income for the preceding year, or any part thereof, was due and payable.

"Sec. 5. Trust agreements or contracts executed and approved as herein provided shall be irrevocable except with the consent and approval of the Secretary of the Interior: *Provided*, That if any trust, trust agreement, or contract be annulled, canceled, or set aside by order of any court, or otherwise, the principal or corpus of the trust estate, with all accrued and unpaid interest, shall be returned to the Secretary of the Interior as restricted individual Indian property.

"Sec. 6. If, after the creation and approval of any trust, it is found that said trust was procured in violation of any

of the provisions of this act, or that the trustee designated therein has failed or refused to properly perform the duties imposed thereby, in accordance with the terms, provisions, and requirements of said trust agreement, it shall be the duty of the Attorney General to institute appropriate proceedings in the Federal courts for the cancellation and annulment of said trust by court decree, and upon decree of annulment and cancellation, which shall be at the cost of the trustee, and after accounting, but without the allowance of any fee, charge, or commission for any services rendered by the trustee, all funds held by the trustee shall be paid to the Secretary of the Interior as restricted funds, and the Federal courts are hereby given exclusive jurisdiction of all actions involving an accounting under any trust created under the provisions of this act, and all actions to cancel, annul, or set aside any trust entered into pursuant to this act.

"SEC. 7. The Secretary of the Interior is hereby authorized to prescribe such rules and regulations as he may deem necessary for the proper administration of this act. He shall fix and determine the value of each trust, reviewing such valuation from time to time as he may deem necessary, and, for the faithful performance of each trust agreement or contract, shall require corporate surety company bond equal to the value of the respective trust so fixed and determined, or the deposit of securities of the United States Government equal to such amount: *Provided, however,* That trusts created under the provisions of this act shall not extend beyond a period 21 years after the death of the last survivor of the named beneficiaries in the respective trust agreement."

And on page 2, line 18, of the House bill, strike out "2" and insert "8."

And the Senate agree to the same.

EDGAR HOWARD,
SCOTT LEAVITT,
Managers on the part of the House.
LYNN J. FRAZIER,
THOS. D. SCHALL,
ELMER THOMAS,
Managers on the part of the Senate.

STATEMENT

On amendment No. 1: Strikes out the word "members" in line 5, page 1, and inserts in lieu thereof "and so long as belonging to Indians," so as to make it certain that the supervision of the Secretary of the Interior extends to funds and securities only so long as they belong to Indians of one-half or more of Indian blood.

On amendment No. 2: Strikes out the words "of Indians" and inserts the words "In Oklahoma," so as to confine the terms of the act to the Five Civilized Tribes in Oklahoma.

On amendment No. 4: Inserts, in line 14, page 3, after the word "Oklahoma," in June, 1914," so as to define more definitely the date when the rules of procedure were adopted.

On amendment No. 3: Was added in the Senate and authorized trust agreements to be entered into by restricted Indians, with the approval of the Secretary of the Interior. The House disagreed to the form of this amendment, and the conferees have agreed upon language intended to give the greatest possible protection to the Indians, and authorized Indians desiring to enter into trust agreements to make the same with the approval of the Secretary of the Interior under certain protective limitations and safeguards.

EDGAR HOWARD,
SCOTT LEAVITT,
Managers on the part of the House.

Mr. STAFFORD. Will the gentleman yield?

Mr. HOWARD. I yield.

Mr. STAFFORD. Mr. Speaker, there is included in this very important measure a new feature, Senate amendment No. 3, authorizing the Indians, with the approval of the Secretary of the Interior, to have trust estates created, and have the funds in the possession and under the control of trust companies. It is a departure from the established practice, in having the funds in the Treasury, and I think the gentleman from Nebraska [Mr. HOWARD] should make some

passing comment upon that subject, because the House has never acted on that phase of the question.

Mr. HOWARD. The amendment to which the gentleman from Wisconsin [Mr. STAFFORD] refers was engrafted upon the restriction bill in the Senate. For 10 long years, Mr. Speaker, I have fought this trust bill in the House and in the Committee on Indian Affairs, seeking always to so amend it that no Indian's property should be committed to any manner of trust without its being accompanied by a bond to be approved by the Secretary of the Interior. That has now been incorporated in the bill as it appears before the House at this moment. I am very much gratified at the success of my long effort in that direction. I am very much gratified to know that every divergent interest in connection with both pieces of this legislation has been unanimously approved by the contending interests.

Mr. SNELL. Will the gentleman yield for a question?

Mr. HOWARD. I yield.

Mr. SNELL. Last evening when the gentleman first presented this report I requested that it go over until this morning for two reasons. I thought it too late last night, and I wanted to get a little information. The Secretary of the Interior evidently thought I was opposed to the conference report, and in communication with him this morning he says it is entirely in accord with the department and they really feel it is for the best interest of the Indians and the Government also, and there should be no special objection to the report.

The conference report was agreed to.

LOANS TO FARMERS FOR CROP PRODUCTION AND HARVESTING

Mr. JONES. Mr. Speaker, I call up the conference report on the bill (S. 5160) to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes, and I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. JONES]?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 5160) to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agreed to the same with the following amendments: On page 2 of the House engrossed amendment, line 3, strike out "cultivation and harvesting" and insert "and cultivation, and in drought and storm stricken areas not to exceed \$1,000,000 for feed for farm livestock"; on page 2, line 5, of said engrossed amendment, strike out "\$75,000,000" and insert "\$90,000,000"; on page 3, line 2, of said engrossed amendment, strike out the words "and harvesting"; on page 3, line 3, after the word "crops" and the comma, insert "and feed for farm livestock"; and the House agree to the same.

MARVIN JONES,
H. P. FULMER,
W. W. LARSEN,
GILBERT N. HAUGEN,
FRED S. PURNELL,
Managers on the part of the House.

CHAS. L. McNARY,
LYNN J. FRAZIER,
E. D. SMITH,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S.

5160) to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The bill as agreed to in conference is the same as the House amendment except that—

(1) In the House amendment loans were to be made for crop production, planting, fallowing, cultivation, and harvesting. As agreed to in conference, loans are to be made for crop production, planting, fallowing, and cultivation, and in drought and storm stricken areas not more than \$1,000,000 may be loaned for feed for farm livestock.

(2) The House amendment contained a limitation of \$75,000,000 on the total sums to be used for the purposes of the act. As agreed to in conference this amount is changed to \$90,000,000.

MARVIN JONES,
H. P. FULMER,
W. W. LARSEN,
GILBERT N. HAUGEN,
FRED S. PURNELL,

Managers on the part of the House.

Mr. STAFFORD. Will the gentleman make a brief explanation, because the first amendment was not considered in the House at all, as far as the limitation of amount that might be expended is concerned.

Mr. JONES. The House bill has been agreed upon with the changes noted. The Senate bill being somewhat indefinite in its figures—the estimate being that the original Senate bill would carry about \$41,000,000—was stricken out, and the House bill was accepted with two qualifications. One of those qualifications is that the Senate amendment, which permitted the use of a portion of these funds for the purchase of feed for farm work stock in the drought and storm stricken areas, was included, but with a limitation on that inclusion that it should not exceed \$1,000,000 for that purpose. The other amendment which was in the House bill, a limitation of \$75,000,000 as the total to be used, was increased to \$90,000,000. Those are the only two changes in the bill as it passed the House, except the word harvesting was stricken out, since representatives of the department felt that the administration could be handled better without the specific term. The conference report is exactly the terms of the House bill with those two exceptions.

Mr. SNELL. Will the gentleman yield?

Mr. JONES. I yield.

Mr. SNELL. I wish to say that my personal feeling about this report is just the same as when the bill originally passed this House. I am against it in principle, and I think it is entirely wrong; but I appreciate the fact that that is water over the dam, and there is no use opposing it now.

Mr. STAFFORD. Will the gentleman yield?

Mr. JONES. I yield.

Mr. STAFFORD. My attention was called last fall to the conditions in the drought-stricken area of northern Wisconsin, and to the need of providing feed for the livestock. Does the gentleman believe that \$1,000,000 is adequate, when we are appropriating \$90,000,000 for seed purposes for farmers, many of whom do not need it, and who are in financial position to procure their own seed or secure loans with which to purchase it?

Mr. JONES. Most of the representatives agreed that \$500,000 would be sufficient, and that \$1,000,000 would cover the necessities without question. It is simply for the drought and storm stricken areas.

The conference report was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. BECK. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BECK. Mr. Speaker, on December 7 I had the great privilege of addressing the House on the question of the power of Congress to supervise and control conventions held in the several States to ratify an amendment to the Constitution. Subsequent to that, my good friend and a very distinguished lawyer, Mr. Mitchell Palmer, filed a supplemental brief in the nature of a reply to the address that I had made. Subsequent to that the New York Times asked me to write for that newspaper a further expression of my views. I did so, and last Sunday the Times contained the article in which, in a far more precise and deliberate manner than was possible in the extemporaneous address which the House heard with so much indulgence, I reaffirmed my view that there was no constitutional power in Congress to supervise and control the electoral machinery of the States in the matter of ratifying conventions.

I may say that in this article in the New York Times I took occasion to say I did not question for a moment the power of Congress to appropriate to the States in reimbursement of their expenses whatever sums might be necessary to hold their ratifying conventions.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks by adding the article by me in the New York Times published last Sunday, January 22.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The matter referred to follows:

DRY REPEAL BY CONVENTIONS—BECK DIFFERS WITH PALMER—HE CRITICIZES THE FORMER ATTORNEY GENERAL'S THEORY AND HOLDS THAT CONGRESS CAN NOT FIX THE PROCEDURE OF THE CONVENTIONS

(Debate in Congress on the form of the repeal amendment has raised the question of how the amendment is to be acted upon by the States, since platforms of both political parties call for consideration by conventions rather than by legislatures. Ratification of amendments by conventions has never been tried, and students of the Constitution have been free to speculate on the procedure. In articles published in the Times, A. Mitchell Palmer and Prof. Howard Lee McBain took the position that the Federal Government would have broad powers over State conventions. In this article a different judgment is given by Representative JAMES M. BECK, former Solicitor General, and a well-known writer on the Constitution.)

By James M. Beck

It is given to few to suggest new ideas in constitutional jurisprudence. The Constitution has now been in operation for 145 years, and during that period each of its provisions has been subjected to meticulous examination by the microscope of the judiciary. To vary the metaphor, it is now necessary, in order to determine what the Constitution is, as now interpreted, to dig down through the successive strata of judicial decisions for more than a century. As a result, when the text of the Constitution is thus excavated in the manner of Pompeii, some of it is found to have been crushed under the lava of judicial construction, which has unceasingly poured from that great volcano, the Supreme Court of the United States.

STATE CONTROL IN CONGRESS

It is therefore interesting to note that A. Mitchell Palmer, former Attorney General of the United States and a lawyer of distinction, has suggested an idea, which, so far as my reading goes, had never previously occurred to anyone, and that is, that Congress has plenary authority to control the States in the matter of constituting and conducting conventions to consider amendments to the Federal Constitution.

With a certitude of judgment, which is to me a matter of envy, Mr. Palmer says:

"It can not be doubted that the Congress has the power, if it desires to exercise it, of providing all the details by which this Federal function of amending the Constitution by conventions in the States shall be exercised."

He amplifies this general contention by claiming that in so doing Congress can arrange voting districts (incidentally, possibly gerrymandering them), prescribe the qualifications of the electors, the form and character of the ballot, the time when the convention shall be held and its rules of procedure—in other words, that the Congress can take from each State its electoral machinery and mold it nearer to the heart's desire of the Congress, and all this in the most vital of all governmental functions, the power to amend the fundamental law.

ADVANTAGES AND DISADVANTAGES

In his recent contribution to the New York Times Mr. Palmer has undoubtedly shown that there would be many practical advantages in thus construing the Constitution, and especially in the matter of the repeal of the eighteenth amendment. As one who favors such repeal I should be glad, if only the eighteenth amendment was concerned, to have his construction followed, for it undoubtedly would be a short cut across the lot; but I dislike

such short cuts when I look into the future, and, in an age of coming change, view the possibilities of such a procedure in the matter of possible amendments which would not have the merit of the repeal of the eighteenth amendment.

In a subsequent communication to the Times by Prof. Howard Lee McBain of Columbia University, Mr. Palmer's constitutional theory is supported by another eminent student of the Constitution, who, however, is not so clear about it as is Mr. Palmer. Professor McBain recognizes that "there is room here for some difference of opinion," but he is "inclined to believe, however, that so far as power is concerned, Congress could enact such a law."

I regret my inability to concur in either opinion. In my judgment, the power of Congress is limited by the text of the instrument to the method of ratification—whether by legislatures or conventions—and the time within which such ratification must be made, and I contend further that there is no textual or even historical justification for the Palmer theory.

THE RIGHTS OF STATES

Its novelty may be measured by the fact that it was a distinct shock to many men when first propounded. I have reason to believe that the Garner resolution to repeal the eighteenth amendment, which failed by only 6 votes to pass the House of Representatives, would have been passed by that body had not at least six Members taken fright at the suggestion that Congress could destroy the last vestige of self-respect of the States by sending Federal officials into the States to conduct elections in behalf of the people of those States.

I entertain no doubt that Congress can appropriate money to the various States to cover the costs of the ratifying conventions. This is not only due to the fact that there is no judicial power to censor appropriations, which rest in the political discretion of Congress, but for the more pertinent reason that the Federal Government has a legitimate interest in the process of amendment, and if Congress cares to relieve the States of the burden of expense which would inevitably be caused by ratifying conventions, such Federal appropriations are within the legislative discretion of Congress.

In considering the broader question whether Congress can relieve the States of the function of calling State conventions and prescribing the manner of selecting delegates thereto, it should be remembered at the outset that if Mr. Palmer's proposal was a distinct shock to many of his party associates in Congress, who incontinently fled from such an extreme assertion of Federal power, it would have been an even greater shock to the members of the Constitutional Convention of 1787. If such a theory of the Constitution had been propounded in that body, it is probable that the convention would have forthwith adjourned sine die. It is morally certain that if a Constitution containing an express assertion of such power had ever been submitted to the thirteen States they would have refused to ratify that Constitution.

CONGRESS AND LEGISLATURE

It may well be that the reason why the convention method has never been resorted to since the Constitution was adopted is due to the fact that successive Congresses which have from time to time submitted amendments to the States were fearful that the Congress might assert some power in respect thereto which, in the nature of things, it could not assert in respect to existing State legislatures.

In this connection it must also be remembered that if a State convention is a Federal agency so as to justify the supervisory power of the Congress, then a State legislature is equally such an agency when it considers the ratification of an amendment, and it must logically follow that if Congress can enter the States and take from them the electoral machinery for electing delegates to such conventions, it could enter the legislatures of the States and supervise the process of ratification, and I imagine that Mr. Palmer would shrink from that contention.

THE ORIGINAL PURPOSE

We do know what the Constitutional Convention of 1787 had in mind when it submitted the Constitution to the States for their adoption. The convention reported back the draft of the Constitution to the then existing Congress of the old Confederation. The Articles of Confederation had provided that there should be no alteration "unless such alteration be agreed to in a Congress of the United States and be afterwards affirmed by the legislatures of every State." It never occurred to that Congress of the old Confederation, when charged with the duty of submitting the new Constitution to the States, that it had any power to go into the States and take charge of the process of ratification. Had it done so, as previously stated, it would have caused such ill feeling that ratification would have been an impossibility.

On the contrary, the Congress submitted the Constitution, to quote its resolution, "to conventions of the delegates chosen in each State by the people thereof, under the recommendation of its legislature," and this was the process followed. It is our only historical precedent in the matter.

However, we have in the Constitution itself certain cognate clauses which indubitably show that when the Constitutional Convention thought it necessary to supervise the functions of the States it particularly prescribed such restricted power. For example, Article I, section 4, in respect to the election of Members to Congress, says:

"The times, places, and manner of holding elections for Senators and Representatives shall be prescribed in each State by the legislature thereof; but the Congress may at any time, by law, make

or alter such regulations, except as to the place of choosing Senators."

Thus the Congress reserved the right, in the interest of uniformity, to alter electoral regulations, which were, however, primarily committed to the States.

Another clause of equal importance is Article II, section 1, which provides that each State shall appoint in such manner as the legislature thereof may direct a number of electors, etc.

Thus the Electoral College, so called, was to be selected, and this was left unchanged by the twelfth amendment. An Electoral College is only a State convention called for the specific purpose of voting for a President and a Vice President, and it is significant that the Constitution expressly provides that the method of electing electors shall be "as the legislature may direct."

CONGRESSIONAL POWER LIMITED

If we now turn to Article V of the Constitution, which provides for amendments, it will be noted that while Congress can propose amendments to the Constitution, the only additional power given to Congress by the language of the instrument is to determine whether ratification shall be by State legislatures or by special conventions, "as the one or the other mode of ratification may be proposed by Congress."

If it had been intended that Congress, having selected the mode of ratification, could thereupon supervise the ratification by the States, whether by legislatures or conventions, presumably the Constitution would have said so, but, as previously stated—and the fact can not be too constantly emphasized—any additional power would have been rejected by a convention composed of States, which were not unconscious of their dignity as sovereign States and which were very jealous of their own electoral machinery.

INTERPRETING THE CONSTITUTION

Mr. Palmer seems to argue that the failure of the Constitution to confer such supervisory power is an argument in favor of the power, which seems to be a novel method of construing the Constitution. Even if the failure of the Constitution to grant such power can be regarded as justifying its existence by implication, yet it must be remembered that virtually as a part of the Constitution the States adopted Article X, which expressly provided that all powers "not delegated to the United States . . . are reserved to the States respectively, or to the people." Therefore the theory of a power based upon a *casus omissus* is answered by the tenth amendment.

Upon what possible ground, then, can this assertion of a power, so subversive of the dignity and power of the States in the vital matter of amendment, be based? Mr. Palmer's argument is pyramided upon one expression of the Supreme Court in the case of *Leser v. Garnett* (258 U. S. 130). In that case Justice Brandeis said:

"But the function of a State legislature in ratifying a proposed amendment to the Federal Constitution, like the function of Congress in proposing the amendment, is a Federal function derived from the Federal Constitution, and it transcends any limitations sought to be imposed by the people of a State."

In respect to the question then before the court, the expression "Federal function" is easily explainable. Of course, any amendment proposed under Article V is a "Federal function" in the sense that it is a power derived from the Constitution. In the absence of Article V, the Constitution could only be amended by the concurrence of all the States.

The purpose of Article V was to provide a more liberal method of amendment by enabling three-fourths of the States to ratify an amendment; and when, therefore, the procedure of Article V is followed, it follows that it is a constitutional function, participated in by the Federal Government, and to that extent a "Federal function." Nevertheless the ratification is by the States. Only on that theory can Nevada, with less than 100,000 people, have the same voice as New York, with 12,000,000.

FEDERAL ASPECT OF LEGISLATURES

As previously stated, if a convention is a Federal agency because it performs in part a "Federal function," then assuredly it is true that the legislature, when similarly engaged, is a Federal agency, and we are then logically confronted by the conclusion that in the most important and vital, and, I venture to say, the most sacred, of all functions of the States, as to whether they will or will not accept a modification of the fundamental compact, their legislatures, representing the will of their people, have become mere agencies of the Federal Government.

If this be so, the action of the State legislatures in proposing an amendment, or even uniting in a call for a national convention, would equally be a Federal agency, and as such within the plenary power of Congress; and this would seem to be a *reductio ad absurdum*.

The one argument which Mr. Palmer has made which has some force is that if a sufficient number of States should unite in calling for a national convention, the constituting of that convention would require a certain degree of uniformity. Nevertheless, Congress would, in my judgment, have no power to supervise the election of the delegates to the national convention, but the national convention, when called, would transcend the political power of the several States and would require as to its methods of procedure some Federal regulation *ex necessitate rei*.

In my argument on this question in the House of Representatives, which was purely extemporaneous, I was betrayed into a discussion of an irrelevant, abstract question as to whether, in the very nature of our Government, there was not a power of

amendment, if all the States agreed, independent of Article V. This gave Mr. Palmer an opening in my armor, of which he took effective advantage in a supplemental argument.

MR. PALMER'S ARGUMENT

He has quoted effectively some striking statements of Chief Justice Marshall that our Constitution emanates from the people and not from the States in their sovereign capacity, and he certainly showed that any such conjectural power of the States in their residual capacity to agree unanimously upon an amendment without resorting to Article V is very doubtful.

This matter, however, does not bear upon the subject matter now in hand, and if I refer to it it is only to acknowledge the force of Mr. Palmer's reply in this respect and also to suggest the idea that if Chief Justice Marshall had had the advantage of reading Madison's Debates before he wrote the decision in *McCulloch v. Maryland*, it is doubtful whether his assertion that the Constitution was drafted and ratified by the people and not by the States would have been so strongly stated.

The Debates did not become public property for years after and seem to indicate that the expression in the preamble of the Constitution, "We, the people—" was intended to be qualified by naming the States, and that the States were only omitted because the convention could not tell how many States would ratify. This is, however, only a matter of academic interest.

So far as the subject matter of this controversy is concerned, it is enough to say that neither the text of the Constitution nor its historic background, nor any precedent or act of the United States from the beginning of the Republic, gives any countenance to the theory so ably and forcefully presented by the distinguished ex-Attorney General of the United States.

I have been at some pains to combat Mr. Palmer's theory, which has attracted widespread attention, because, with all respect to him, it seems to me a dangerous constitutional heresy. I am old enough to remember the agitation, when I was a student in college, over the Force bill, under which it was proposed to supervise elections in the States, where Members of Congress or presidential electors were elected, by Federal bayonets. This movement was defeated and has never since been heard of. It might conceivably have led to a renewal of the Civil War.

IMPLICATIONS OF THE THEORY

I appreciate that Mr. Palmer and those who think with him do not contemplate any such assertion of Federal power, but I am concerned with the logical implications of this novel theory. We are probably entering upon a period of great constitutional changes. The changed political philosophy of the American people is rapidly converting this Nation from one that was based upon an individualistic conception of government to a highly collectivistic theory.

It may well be that the time will come when a Congress will propose amendments to the Constitution to vest even greater power in the Federal Government and to promote an even greater centralization of authority in Washington. It might then seem to some Congress of the future that to secure the adoption of such an amendment it would be necessary for all elections to State conventions to be controlled by the Federal Government, and even conceivably by the use of Federal bayonets.

I am too old-fashioned a constitutionalist to contemplate such a possibility with any equanimity. I believe in the "indissoluble Union of indestructible States," and it seems to me that these indestructible States would soon become easily destructible if the Federal Government can take away from the peoples of the States, respectively, their sovereign and residual rights to determine the methods whereby conventions called to ratify a new amendment to the Constitution shall be held.

I emphasize this for, warmly as I favor a speedy and effectual repeal of the eighteenth amendment, I can not lend myself to a theory of the Constitution which might be so destructive of the rights of the States.

RATIFICATION OF TWENTIETH AMENDMENT

Mr. NELSON of Missouri. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. NELSON of Missouri. Mr. Speaker, it is with pride and pleasure I call attention to the fact that on yesterday Missouri became the thirty-sixth State to ratify the "lame-duck" amendment to the Constitution. [Applause.]

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 14199) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1934, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further

consideration of the bill H. R. 14199, with Mr. DRIVER in the chair.

The Clerk read the title of the bill.

Mr. GOSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Goss: On page 53, after line 14, insert "Under the authorization contained in this act no issue of reserve supplies or equipment shall be made where such issues impair the reserves held by the War Department for two field armies, or 1,000,000 men."

Mr. LAGUARDIA. Mr. Chairman, I reserve a point of order.

Mr. BLANTON. I make the point of order.

The CHAIRMAN. The gentleman from Texas will state the point of order.

Mr. BLANTON. Mr. Chairman, I make the point of order that it is legislation unauthorized on an appropriation bill; that it is in conflict with existing law; that it interferes with the discretion of the Secretary of War.

Mr. LAGUARDIA. And it is no limitation on the appropriation but will cause an increase of the appropriation.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I have not the floor. I yield, if I have the floor.

The CHAIRMAN. Does the gentleman desire to be heard further on the point of order?

Mr. BLANTON. I submit the point of order to the Chair for determination.

Mr. GOSS. I concede the gentleman's point of order; but may I just call attention to the fact that similar language has been carried in this appropriation bill for many years?

Mr. BLANTON. The gentleman himself has complained that former Committees on Appropriations have put legislation in bills.

Mr. GOSS. Correct; but may I state to the gentleman that similar language has been in the bill for many, many years without objection?

Mr. BLANTON. It has been sought to put a great deal of legislation on appropriation bills.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. LAGUARDIA. It is quite true similar language has been carried in the bill for many, many years; but the gentleman, I am sure, heard his distinguished leader, the gentleman from New York, complain about the enormous cost annually of buying supplies to be kept in this reserve; and I am sure the gentleman wants to follow his leadership.

Mr. GOSS. That is perfectly right; but may I just call the gentleman's attention to the fact that it has been the policy of the War Department to carry their reserves on the basis of two field armies, or 1,000,000 men, and without that direction we may be required to buy more material, I may say to the gentleman, in the near future. I concede the point of order if the gentleman is going to insist on it.

Mr. BLANTON. Mr. Chairman, I insist on the point of order.

The CHAIRMAN. The Chair sustains the point of order.

The Clerk read as follows:

Not to exceed 10 per cent of the total amount that may be expended from appropriations made in this act for and incident to the manufacture and/or production of wearing apparel for enlisted men of the Regular Army shall be expended for the manufacture and/or production of such apparel in Government factories or establishments, except that such limitation may be exceeded to the extent that it may be ascertained, after competitive bidding in accordance with law, that work of such character may be performed at lesser cost in such Government factories or establishments.

Mr. RANSLEY. Mr. Chairman, I make a point of order against the amendment that it is in violation of rule 21, in that it is legislation on an appropriation bill.

I also call attention to section 5 (a) of the national defense act, of which it is a violation.

There can not be any question brought forward that there is a reduction of expenditure. Nowhere within the four

corners of the entire paragraph can anyone find a retrenchment or saving. Ten per cent is mentioned as the amount that will remain in the quartermaster depot, but 90 per cent will be manufactured on the outside. So there will be 100 per cent, anyway, of the clothing made.

The latter part of the clause I have made a point of order against refers to bidding. Surely no one can tell what the result of bids will be until they are received and scheduled.

With the permission of the Chair, I call attention to decisions that propositions to establish affirmative direction for executive officers (4 Hinds, 3854-3859) even in cases where they may have discretion under the law so to do or to take away an authority or discretion conferred by law (4 Hinds, 3862 and 3863) the decisions say are subject to a point of order.

Again, in construing a proposed limitation, if the Chair finds the purpose to be legislative in the intent to restrict executive discretion to a degree that may be fairly termed a change in policy rather than a matter of administration detail, he shall sustain the point of order. This decision was made by Chairman Luce January 8, 1925.

Again, the term "retrenchment" means the reduction of the amount of money to be taken out of the Federal Treasury by the bill and therefore a reduction of the amount of money to be contributed toward the expense of the District of Columbia was in order, but nowhere in the four corners of the paragraph can be found any reduction of amount either in money or in the quantity of clothing.

Again, the following provision in the Army appropriation bill, namely:

That hereafter no money appropriated for Army transportation shall be used in payment for transportation of troops and supplies to the Army over certain lines of railroad—

was held subject to a point of order under the rule, on the ground that on its face it did not reduce expenditures in any of the methods enumerated in the first portion of the rule. The Chair will find this in 4 Hinds, 3927.

To a clause appropriating for transportation of foreign mails an amendment providing that no further contract shall be entered into by the Postmaster General under the act known as the "subsidy act" was held not in order, because not directly retrenching expenditure in the manner prescribed in the rule.

Again, Mr. Chairman, the reduction of expenditure must appear as a necessary result. In order to bring an amendment or provision within the exception to the rule, it is not sufficient that such reduction would probably or would in the opinion of the Chair result. (4 Hinds, 3887.)

Again, an amendment must not only show on its face an attempt to retrench but must also be germane to some provision in the bill, even though offered by direction of the committee having jurisdiction of the subject matter of the amendment.

The committee having jurisdiction in this case is the Committee on Military Affairs, and no change has been made in reference to section 5 (a) of the national defense act.

Mr. COLLINS. Mr. Chairman, the history of this amendment is as follows:

By reference to page 10504 of the RECORD of May 13, 1932, it will be seen that Mr. LaGuardia offered an amendment in the terms of the language carried in this bill. His amendment was ruled out of order by the chairman of the committee.

Afterwards, Mr. COCHRAN of Missouri offered an amendment phrased as follows:

No appropriation contained in this item shall be available for expenditures for or incidental to the manufacture and/or production of wearing apparel for enlisted men of the Regular Army in Government factories or establishments.

This amendment was held in order by the Chair.

I have recited last year's proceedings with respect to this matter for the purpose of enlightening the House upon what actually transpired. There was an article in a Washington newspaper this morning in favor of the elimination of this language, which stated that this provision was inserted in the bill at my instance. Of course, those of us who were on the floor of the House when the matter was considered last year know that the statement contained in this Washington

newspaper is untrue. I have recited the history of this matter so that those of us who were not present during the proceedings may know exactly what happened.

The committee carried the amendment this year in the language as written by the gentleman from New York because it was modified to that extent in conference on last year's bill with the conferees of the Senate. I might add that the continuation of the provision carried last year was proposed in the Budget.

While I am on my feet, Mr. Chairman, I should like to refer further to the article I have already mentioned appearing this morning in a local newspaper.

In the headlines of the article, which deals largely with the action of the House yesterday with respect to this bill, among other things, it is stated "Chamber drubs Collins twice." I merely wish to say that the person who wrote those headlines failed to get the purport of what the House did on yesterday.

The House did not drub COLLINS. My position with respect to this bill is that I am the representative of the Committee on Appropriations to present this matter for the consideration of the House.

The Committee on Appropriations is the duly constituted agent of the House for considering budgetary recommendations and for bringing measures into the House for disposition in consequence of such recommendations. The House represents the American people; all of the American people, not any particular group or class of them.

Therefore, when the House drubs COLLINS or the Committee on Appropriations as a matter of truth it drubs your constituents and mine, and yesterday it drubbed 125,000,000 of them to provide for summer vacations for about 40,000 young men. And I will tell you what else it drubbed. It drubbed the declaration in the Democratic platform that the Democratic Party would bring about reductions of 25 per cent in Federal expenditures. Now, that is not any more my concern than yours. If you can get any comfort out of it, all well and good. Our Republican friends had no small part in doing the drubbing. They are probably laughing at us up their sleeves. The responsibility is not theirs.

Mr. LaGuardia. Mr. Chairman, even a Member of Congress can learn in the long period of one year. My amendment of last year to which the gentleman from Mississippi refers was clearly out of order. I was wrong then. I am trying to be right now. I was wrong on the facts and wrong on the law. A broader admission is difficult to make. I had been deliberately misinformed at the time.

I desire to call the attention of the Chair to the fact that the ingenuity of the draftsmanship of this amendment can not overcome the mathematics of its provisions. It is clearly out of order. It is not within the Holman rule. It can not be a limitation because it contains affirmative direction.

If the Chair will refer to the last clause which provides that after competitive bidding such character of work may be performed in such government factories or establishments, if at a lesser cost, the Chair will note that this is what seeks to give the amendment the color of a limitation based on retrenchment, but, as a matter of fact, it starts right off to provide that 90 per cent of this work is to be awarded to private contractors.

Not exceeding 10 per cent may be manufactured by the Government factory in accordance with the provisions of the amendment, and the bids for 90 per cent may be advertised and contracts awarded. Where is the retrenchment?

So that clearly there is nothing on the face or in the text of the provision that justifies the Chair in holding that it is a case meeting the requirements of the retrenchment rule. Bids may be awarded to private factories to the extent of 90 per cent if they equal the cost in the Government factory, and the provision seeking to show a saving is simply a sham. The real purpose of the amendment is to prohibit this Government work from being done in an established Government shop. It is clearly contrary to existing law and therefore legislation. It is not a bona fide amendment looking to retrenchment or saving in appropriation.

Mr. COCHRAN of Missouri. Mr. Chairman, I take issue with the statement of the gentleman from New York that this will not produce a saving to the Government. I think the proper procedure for the House is to take the responsibility of accepting the provision or defeating it. I do not think the provision comes within the point of order, nor that it should be defeated in this way.

This amendment provides that not to exceed 10 per cent of the total amount that may be expended from appropriations incident to the manufacture or production of wearing apparel, and so forth, for enlisted men shall be expended in Government factories, except that such limitation may be exceeded to the extent that it may be ascertained after competitive bidding in accordance with the law that work of such character may be performed at a lesser cost in such Government factories or establishments.

If that is not retrenchment, I do not know what retrenchment is. The Government is protected and the rights of private manufacturers are protected, but he must come within the amount for which the Government can perform similar work. I think the provision should be voted upon.

In reference to my amendment last year, which has been cited, the War Department has not been carrying out that provision because the quartermaster has not been working on the 1933 appropriation. He has used money that was appropriated prior to the time my amendment was adopted.

I am perfectly willing if the House, in its wisdom, sees fit not to give private contractors authority to bid on this work to abide by that decision, although not approving such action, but I say the House should be allowed to vote on the question.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. LAGUARDIA. The language is "not exceeding 10 per cent." Suppose the private factory bid is equal to the Government's, can the Government award it to the factory?

Mr. COCHRAN of Missouri. No; it could not. It would not be able to do so unless the Government could manufacture at a lesser cost. That is in the last line of the paragraph.

Mr. Chairman, I insist those who are in favor of continuing the work now going on at Philadelphia are making a mistake by pressing their point of order. They are still going to be faced with the situation, but in more drastic form, if the Chair sustains the point of order, for my colleague from Missouri [Mr. SHANNON] has in his hand the identical amendment that was offered by me and carried in the present law, which is not subject to a point of order.

The talk centers around the clothing factory. Do you know that over 80 different articles can be manufactured at this Government plant and have been manufactured there since the war? The Quartermaster General submitted for the information of the subcommittee a list of the articles and under leave to extend my remarks I include this list in my statement. The list follows:

STATEMENT SHOWING ARTICLES THAT THE PHILADELPHIA DEPOT IS CAPABLE OF MANUFACTURING

Aprons, bakers', butchers', and cooks'.
Brassards, all kinds (not woven).
Breeches, service, cotton.
Breeches, service, woolen.
Caps, bakers', butchers', and cooks'.
Caps, overseas.
Caps, winter.
Coats, service, cotton.
Coats, service, woolen.
Coats, dress.
Coats, mackinaw.
Coats, white duck.
Handkerchiefs.
Insignia, shoulder, sleeve, all kinds.
Insignia, sleeve, chevrons, all kinds.
Jumpers, working, denim.
Leggins, spiral, puttee.
Overcoats.
Shirts, cotton, olive drab.
Shirts, flannel, olive drab.
Stripes, service, all kinds.
Stripes, trousers, all kinds.
Trousers, cotton.
Trousers, woolen.
Trousers, dress.
Trousers, firemen's bunking.

Trousers, white duck.
Trousers, working, denim.
Capes for Army nurses.
Caps for Army nurses.
Overcoats for Army nurses.
Suits, Norfolk, for Army nurses.
Uniforms, white, for Army nurses.
Waists, for Army nurses.
Special-measurement clothing of all kinds for enlisted men.
Uniforms, all kinds, special measurement, custom made for officers and warrant officers.
Uniforms, all kinds, for Army band and flying cadets.
Cloth and findings for unmade coats and trousers for enlisted men.

Bags, barrack.
Bandoleers.
Bars, mosquito and sand fly.
Cases, flag, all kinds.
Cases, pillow.
Colors, silken, embroidered, all kinds.
Colors, national, service and silk.
Covers, cot.
Covers, mattress.
Flags, advertising, large and small.
Flags, ambulance and marker.
Flags, automobile, all kinds.
Flags, boat, all kinds.
Flags, distinguishing, all kinds.
Flags, garrison.
Flags, post.
Flags, storm.
Flags, general hospital.
Flags, field hospital.
Flags, recruiting, large and small.
Flags, miscellaneous.
Flies, tent, all kinds.
Guldons, service, all kinds.
Halyards, flags, all kinds.
Head nets, mosquito.
Paulins, all kinds.
Pennants, all kinds.
Sacks, bed.
Sacks, pillow.
Screens, latrine.
Shades, window.
Sheets, bed.
Standards, national, service and silk.
Standards, silk, embroidered, regimental and battalion.
Streamers, silk, embroidered, all kinds.
Tabards for bugles and trumpets.
Tents, assembly.
Tents, hospital ward.
Tents, storage.
Tents, pyramidal.
Tents, wall, large.
Tents, wall, small.
Tents, shelter, halves.
Tent lines, all kinds.
Awnings, boat covers, bunk bottoms, curtains, etc., for the United States Army transports.
With the exception of the following, all of the above have been manufactured at this depot since the war.
Flies, tent, all kinds.
Screens, latrine.
Tents, ward hospital.
Tents, storage.
Tents, shelter, halves.

Go over that list and you will find that there is not a man in the House who does not have in his district some kind of a manufacturing plant that makes at least one of the articles. If I thought for one instant that factories known as sweatshops would get the contracts, I would vote against the amendment myself. An investigation does not support such a statement and it is denied by the War Department itself. Another Member will call your attention to the department's statement that will settle that argument.

We have appropriated \$13,500 for the committee to investigate the Government in business. What for? With a view to taking the Government out of business. Unless you take the Government out of business by placing limitations on the appropriation bills there is not a Member here to-day who will live to see the time when the Government retires from competing with private business. Who makes the War Department possible? Why, the taxpayers; and it is in the interest of some of the taxpayers that I placed this limitation on last year's bill.

There is another principle involved. That is the executive departments carrying out the will and intent of Congress. Congress showed by adopting my amendment that it intended to restrict the use of public money in competition with private business. As I stated before, the Quartermaster

General has not drawn on that appropriation, which is limited. Whether he will be forced to do so during the next fiscal year I do not know, but it will be interesting to see how he gets around that law. So far he has succeeded in evading it. I do not say that he has up to this time used any of the money contrary to the provisions of my amendment, but I will wait with interest future developments.

If we are going to spend money to make investigations which had as their purpose the retirement of the Government in the manufacturing of supplies that can be bought cheaper in the open market, then here is a place to start.

Mr. CHINDBLOM. Mr. Chairman, I will say that my only interest in this matter now is to assist the Chair in arriving at a correct interpretation of the rule applicable to the language involved. I am, of course, not directing my remarks to the merits of the question.

Now, in the first place, does this paragraph come within the Holman rule? Clearly it does not. It does not retrench expenditures in any of the ways specifically provided by that rule, which is section 2 of rule 21, while it plainly changes existing law.

Is the paragraph a limitation? It does not prohibit or limit the expenditure of the funds appropriated in this bill for any particular purpose or in any particular way. It simply provides directly, affirmatively, how a certain appropriation in this bill shall be expended. It provides:

Not to exceed 10 per cent of the total amount that may be expended from appropriations made in this act * * * shall be expended for the manufacture and/or production of such apparel in Government factories or establishments.

That is a direct instruction to the War Department as to how this money shall be expended.

Then follows the exception, which robs the provision of any value at all, if it did have any value, as a limitation or retrenchment, when it provides:

except that such limitation may be exceeded to the extent that it may be ascertained, after competitive bidding in accordance with law, that work of such character may be performed at lesser cost in such Government factories or establishments.

I submit in all earnestness that this is not a limitation, it is not a retrenchment, it is clearly a direction to the executive department as to how it shall expend the money appropriated in the bill. It is therefore in violation of the rules of the House, since it changes existing law on an appropriation bill. The existing law may be found in the national defense act, section 5-A.

The CHAIRMAN. The Chair is prepared to rule. During the consideration of the bill making appropriations for the military activities, under consideration in the House on May 14, 1932, the then chairman [Mr. LANHAM] was called upon to rule in a case similar to this. The Chair has examined the language of this paragraph, together with that contained in the amendment offered at that time. The Chair finds that in principle the provisions are similar. It is true some difference has been made in the language in this bill, but that language is not sufficient in any manner to transcend or overcome the very plain principle under the rules pertaining to legislative matters in an appropriation bill. The Chair is inclined to adhere to the ruling made by Chairman LANHAM at that time, and to hold that the language here does contravene the rules of the House. Therefore the point of order is sustained.

Mr. TABER. Mr. Chairman, I have an amendment which I have sent to the Clerk's desk.

Mr. COLLINS. Mr. Chairman, will the gentleman from New York yield to the gentleman from Missouri [Mr. SHANNON], who has an amendment to offer at this point on this same matter? We may as well dispose of this proposal while we are on it.

Mr. TABER. Very well. I yield to the gentleman from Missouri.

Mr. SHANNON. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SHANNON: Page 58, after line 14, insert a new paragraph, as follows:

"No appropriation contained in this act shall be available for expenditures for or incidental to the manufacture and/or production of wearing apparel for enlisted men of the Regular Army in Government factories or establishments."

Mr. LAGUARDIA. Mr. Chairman, I reserve the point of order.

Mr. SHANNON. Mr. Chairman, my reason for offering this amendment at this time is that I have watched the progress of this bill and I have noticed that there is a determination on the part of the House to keep the Government in business. There is no doubt but that the provision that was put in at the last session contributed toward taking the Government out of business in this particular industry, and giving some of that work to private enterprise. The Chair has ruled that that limitation can not be applied to this bill. Then, if it can not be applied to this bill, let us take the Government out of business absolutely. This amendment will do that. It is entirely germane.

Mr. LAGUARDIA. Mr. Chairman, I withdraw the point of order.

Mr. RANSLEY. Mr. Chairman, I renew the point of order against the amendment, that this is again legislation on an appropriation bill. It violates Rule XXI, and it also violates section 5 (a) of the national defense act. Referring to the Assistant Secretary of War, section 5 (a) of the national defense act provides that the Assistant Secretary of War, who attends to all matters of procurement, shall cause to be manufactured or produced at the Government arsenals or Government-owned factories of the United States all such supplies or articles needed by the War Department as said arsenals or Government-owned factories are capable of manufacturing or producing upon an economical basis.

Mr. SHANNON. I still contend that if bidding is to be resorted to, under no condition can one tell who the lowest bidder will be until the bids are scheduled.

The CHAIRMAN (Mr. DRIVER). The Chair is ready to rule. The Chair has examined the amendment offered by the gentleman from Missouri [Mr. SHANNON] and is clearly of the opinion that it is a limitation rather than legislation. Therefore the point of order is overruled.

Mr. CONNERY. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Missouri [Mr. SHANNON].

Mr. Chairman, like the gentleman from New York [Mr. LAGUARDIA], last year I voted for this limitation to take the Government out of business. In general, I agree with the gentleman from Missouri [Mr. SHANNON] that the Government should not be in business, but I do not believe in taking the Government out of business on a proposition like this Philadelphia depot, when we are going to turn over that business to sweatshop operators, who operate these manufacturing establishments at starvation wages to their employees.

I have here a letter from John Frey, secretary-treasurer of the metal trades department of the American Federation of Labor, and in part he says, referring to striking out this provision:

Unless this is done, it means that the garment workers at the quartermaster depot, Philadelphia, will be thrown out of employment, and the making of the uniforms turned over to the sweatshop type of garment manufacturer, for there is not a single manufacturer of garments and uniforms operating under fair conditions to their employees who could come anywhere near the figures which are submitted by the three or four notoriously non-union garment manufacturing companies who are successful in securing the contracts for militia uniforms. * * *

My understanding is some of the Congressmen I have interviewed will take the floor on the bill and indicate that in voting in favor of this particular clause of the Army appropriation bill last year, they did so under misapprehension, for they would have been unwilling to vote for a provision in the bill which would have turned the work over to the poorest-paid garment workers in the country.

I sincerely hope when this section of the bill comes up in the House that you will see your way clear to prevent Army uniforms from being manufactured under sweatshop conditions.

I repeat, while I am in sympathy with the general ideas of the gentleman from Missouri [Mr. SHANNON] in taking the Government out of competition with business in the coun-

try, I do not believe that in this situation we are going to do any good when we turn over the making of Army uniforms to sweatshop manufacturers who pay starvation wages and do not know how to treat their workers.

Mr. DYER. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. DYER. The gentleman is in favor of the broad principle involved in this amendment, is he not?

Mr. CONNERY. Yes. I believe in taking the Government out of business if when we take it out of business we are going to turn the business over to reputable manufacturers and not the kind of manufacturers who exploit labor.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. FITZPATRICK. In this case if we take the Government out of business we will turn it over to nonunion shops that pay small salaries to their employees?

Mr. CONNERY. Yes; and exploit labor to the utmost, because anyone who is conversant with labor conditions in the United States knows there has been more trouble with the sweatshop garment manufacturers than almost any other employers of labor.

Mr. DYER. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, every time the House has had an opportunity to pass upon wholesome legislation of this character we have met opposition, of course, from some Members of the House. They are in favor of this, I am sure, from a general standpoint, but no doubt the interest of concerns in their own districts and the question of whether or not these goods are going to be made by nonunion labor is influencing them in their action.

I am in favor of all goods needed for the Army being manufactured by union labor. I am also in favor of this Government getting out of business.

We have had investigations by this House during this Congress, by some of the ablest and best Members, and they have had before them innumerable witnesses telling of the abuses that have been rampant for many years. Any of you Members who lived near an Army post and who know the situation which confronts the country in the Government destroying competitive business of private individuals ought to be glad of an opportunity to vote for this amendment. I congratulate the Chairman of the Committee of the Whole House because of his able decision upon the point of order. But, Mr. Chairman, wherever there is an Army post, wherever there is an opportunity, there has been the worst kind of competitive business with private industry.

Mr. DE PRIEST. Will the gentleman yield?

Mr. DYER. In just a minute.

The Government establishes laundry and other competitive industries which are in opposition to many workers in private laundries, and so forth. They not only do the laundry work for those situated at the Army post but officers and members of their families, and oftentimes their relatives have their laundry work done at these Army posts free of charge, although many of those officers and their families do not live at the post.

I now yield to the gentleman from Illinois.

Mr. DE PRIEST. Does this Government uniform-manufacturing concern compete with outsiders on anything except Government uniforms?

Mr. DYER. Oh, they compete with them on everything.

Mr. DE PRIEST. I am talking about this specific case.

Mr. DYER. I am talking about the general principle involved. If we adopt this amendment, we will adopt others of a similar nature on other supply bills. It is time to put an end to unjust, inequitable competition of the Government against private business.

Mr. BLANTON. Will the gentleman yield?

Mr. DYER. I yield.

Mr. BLANTON. Is it not a fact that the United States shipping interests right now can not compete with other shipping interests, because we pay two, three, and four times as much, in some cases, for the service that is rendered this

Government as is paid for the same service rendered to other governments. Is that not a fact?

Mr. DYER. I do not think it is.

Mr. BLANTON. Have not our shipping interests lost money ever since we have been in the business?

Mr. DYER. I do not want to go outside of what I attempted to speak about, but what the gentleman complains of is due to the fact that the United States Lines pays its employees more, and it operates ships that do not carry liquor.

Mr. BLANTON. Oh, that liquor business. [Laughter and applause.] If the gentleman could just get his mind on something else.

Mr. DYER. Mr. Chairman, I do not yield further.

So, Mr. Chairman, I urge upon the members of the committee to support this legislation. It is the first real opportunity we have had to express ourselves upon the splendid work that has been done by a committee of this House headed by my colleague, the gentleman from Missouri [Mr. SHANNON].

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

Mr. GOSS. Mr. Chairman, reserving the right to object, let me say to the gentleman that, if possible, I wish to give the House the benefit of some information bearing upon the question at issue which I think will aid them in coming to a conclusion on the amendment. I want five minutes, Mr. Chairman.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. SABATH. Mr. Chairman, no one will charge me with being unfriendly to union labor. During the many years I have served in this House I have always tried to the best of my ability to be of service to organized labor and have voted for every proposition that would maintain or promote the cause of labor. Therefore, I greatly regret that to-day a certain labor organization seeks to attack this proposition, which I believe saves the Government large sums of money annually.

The country demands economy. The newspapers and the people of the Nation demand in stentorian tones that we balance the Budget. Day in and day out we hear nothing but this hue and cry, and see nothing but the headlines asserting that we are falling down in our pledges and promises to balance the Budget. Every time the chairman of this committee, the gentleman from Mississippi [Mr. COLLINS], or any other gentleman tries to eliminate unnecessary expenditures, gentlemen on the left, on the Republican side, come forward with amendments seeking to increase the expenditures, not only by small amounts but by thousands and thousands of dollars. Yesterday alone we voted an additional appropriation of more than \$1,000,000.

How can you justify the claim that you are endeavoring to better conditions that now exist and that you are honestly trying to balance the Budget when it is not the fact?

It is regretted that the military lobby should be able to sway otherwise well-intentioned organizations and use them for the purpose of defeating, or attempting to do so, every effort to reduce extravagance in the War Department and oppose every effort to reduce the unnecessary and wasteful expenditures.

I feel that this amendment should be adopted. The gentlemen from Missouri [Mr. COCHRAN and Mr. SHANNON] have given this question a great deal of broad and penetrating study. They are of the opinion that it will effect economy, that it will save large sums of money. Furthermore, the evidence disclosed last year on this floor that these private institutions or factories which from time to time have the privilege of bidding on this work and receiving contracts for it are paying fair compensation to their workers; that they are not sweatshops; that the pay is above the average for other labor in the United States. In view of this fact I think it is manifestly unfair on the part of some people to

attack this activity, when the facts do not justify the attack.

Mr. DYER. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I yield.

Mr. DYER. The gentleman made the charge in his speech that the Republicans were fighting this. The only man so far who has opposed it is one of the gentleman's colleagues on his own side.

Mr. SABATH. May I not remind my friend that the gentleman from Pennsylvania has been trying to eliminate this provision and that he succeeded in knocking out the amendment embodied in this bill as it passed last year.

Mr. COX. Mr. Chairman, will the gentleman yield right at this point?

Mr. SABATH. I gladly yield to my good friend.

Mr. COX. I may remind the gentleman from Illinois that another gentleman from the State of Pennsylvania, a member of the Shannon special committee, has done as much work to take the Government out of business as anybody in Congress. I refer to the gentleman from Pennsylvania, Mr. Swick. [Applause.]

Mr. SABATH. There are some exceptions. There are some mighty fine and honest gentlemen on the Republican side, I concede that, but not so many as we should have, but what I am endeavoring to do is to get them all to follow the Democratic Party in an honest, conscientious endeavor to bring about economy and balance the Budget.

Although I realize that the hue and cry to balance the Budget comes from persons responsible for existing conditions, which make that balancing practically impossible due to decreased and decreasing revenues, nevertheless we should strive with all our might to reduce the deficit as much as possible.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Chairman, if this amendment becomes law it will destroy the quartermaster depot in Philadelphia, so far as manufacturing uniforms is concerned. Perhaps a short history of this activity of the Government would not be amiss.

The quartermaster depot at Philadelphia was established by act of Congress April 2, 1794, and was one of the main depots of supplies for troops during the wars of 1812, 1846, 1861, 1898, and 1917.

It maintains a designing and inspecting service which must be maintained even if the manufacturing of uniforms at this depot is prohibited.

It has 862 civilian employees, 195 males and 667 females. Most of the men are ex-service men, the balance of the workers are members of a family who had some one in their family in the military service in time of war. All are citizens of the United States and are under civil service, which means that all the female employees are 18 years of age or over and the male employees are 20 years of age or over, when first employed. The work done at this depot is in accordance with the 8-hour day, as provided by an act of Congress which provides for a 5-day week or 40 hours. A civilian contractor works under the State law of the State where his factory is located; in many States the law is 54 hours a week for women, unlimited for men. The national law applies to the quartermaster depot, but is not applicable to the civilian contractor.

The average net wage paid to the operators at the depot is \$30.05 per week for male employees and \$16.85 per week for female employees. Commercial manufacturers pay below the Government rates.

The depot can not successfully bid against firms who do not maintain a standard wage consistent with decent living conditions. One contractor pays female employees \$6 to \$9 per week and male employees \$12 to \$20 per week.

Mr. GOLDER. Mr. Chairman, will the gentleman yield?

Mr. RANSLEY. I yield.

Mr. GOLDER. Under the language of this amendment the Government would not be permitted to manufacture under any conditions. In other words, if this amendment were adopted the Government would not be permitted to

manufacture uniforms, even though it could do so at a lesser rate than an outside manufacturer.

Mr. RANSLEY. That is true.

Mr. COX. But does it ever happen?

Mr. RANSLEY. It will.

If you prohibit the manufacturing of clothing at this plant, it will be impossible for the Government to alter the sizes of uniforms in stock which is now frequently done at small cost, which means a great saving; a contract would be required, you will then add advertising cost and the freight from the depot to the contractor's city, as well as the cost of inspection. There is also the question of time to be considered and also the maintenance of inspectors at the contractor's plant.

If you prohibit the manufacturing of uniforms at this depot, you will throw out of employment over 800 civilian employees, and you will destroy the yardstick that the Government has used in time of war to measure the cost of uniforms for our defenders.

On May 26, 1932, bids were sent out to 85 manufacturers; only 6 sent in bids; the bids were for 12,000 uniforms for the National Guard. On November 28, 1932, bids were sent out to 653 manufacturers, and only 14 sent in bids; these bids were for 34,030 uniforms with extra trousers for the Reserve Officers' Training Corps.

I ask you to make mental note of the fact that only uniforms for the Regular Army are made at the depot; the civilian or outside manufacturers make all the uniforms for the Reserve Officers' Training Corps and National Guard. Recently an order was issued preventing officers' uniforms from being made at the quartermaster depot.

Following is a copy of the resolution passed at the national executive committee meeting of the American Legion, held at Indianapolis, Ind., November 14-15, 1932:

Be it resolved by the American Legion, in national executive committee assembled, That we hereby go on record as being opposed to any legislation designed to eliminate the Philadelphia quartermaster depot of the United States Army.

Mr. BOLAND. Mr. Chairman, I more to strike out the last two words.

Mr. Chairman, ladies and gentlemen of the committee, this Government factory in Pennsylvania employs 862 people, 195 of them males. Some 60 of them—ex-service men—are about to lose their jobs if this amendment is adopted and this bill goes through.

There is no question in my mind that this factory which has been in operation for so many years, particularly in times of emergency when the Government needs a factory of this kind, would save the time and trouble of advertising for bids and the terrible delay which will happen with private enterprise undertaking this work. It is quite necessary that our Government have a factory of this kind to be able to produce the clothing, the uniforms, that it does produce in the event that we become involved in war, which will make it imperative that we be in a position to produce uniforms immediately.

Mr. GARBER. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield.

Mr. GARBER. Does the Government own the factory in Pennsylvania?

Mr. BOLAND. It is a Government-owned factory.

Mr. GARBER. Approximately what is the amount of the Government's investment in this factory?

Mr. BOLAND. I am not familiar with the investment of the Government in this plant.

Mr. RANSLEY. With the gentleman's permission I will answer the question of the gentleman from Oklahoma.

Mr. BOLAND. I yield to my colleague for that purpose.

Mr. RANSLEY. The Government owns the land and the factory. The overhead of the factory is \$120,000 a year even if they do not manufacture, and this sum must be added to the cost of the manufactured articles procured from the outside.

Mr. SUTPHIN. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield.

Mr. SUTPHIN. Is it not a fact this factory made only 2 per cent of the uniforms that were made during the war?

Mr. BOLAND. That is true.

Mr. LaGUARDIA. It was physically impossible for them to make any more.

Mr. BOLAND. It was impossible for them to make any more.

Mr. LaGUARDIA. During the last war private manufacturers charged the Government 400 per cent over the cost of production.

Mr. BOLAND. That is very true. I am very glad to have the gentleman from New York make that statement.

Mr. CONNOLLY. I may say to the gentleman that this plant which is owned by the Government cost \$400,000.

Mr. BOLAND. Yes; and during this economy hysteria that we are all experiencing just now, we should realize that if this amendment prevails this large investment of the Government in this plant is absolutely useless. It would be wasteful.

Mr. SHANNON. Will the gentleman yield?

Mr. BOLAND. I yield.

Mr. SHANNON. Does the gentleman know that on June 24 last the Quartermaster General, in reply to a question as to whether they made overalls at this plant, said, "Yes," and when asked if there were not a great many factories in the country that made them, replied, "Yes; but we do that so as to keep our factory going all the time."

Mr. BOLAND. I will say to the gentleman that I am not so keenly interested in any statement made by anybody in the Quartermaster Department pertaining to this measure, but I am interested, and vitally interested, in Pennsylvanians, particularly the sixty or more soldier boys who went across and gave the best that was in them, and I do not want to see them thrown out of a job now because of this terrible economy hysteria that is hitting the country, and particularly the Congress. The investment we have here in this plant should be seriously considered.

Mr. BALDRIGE. Will the gentleman yield?

Mr. BOLAND. Yes.

Mr. BALDRIGE. Is not the gentleman in favor of this economy hysteria we are having?

Mr. BOLAND. I am not in favor of this economy hysteria. I voted against all this economy hysteria in the last session and I shall vote against any unfair reduction in salaries of any kind, because I think it is inopportune. This is not the proper time to reduce the American standard of living. [Applause.] However, I am interested and in favor of certain economies, such as abolishing useless bureaus.

But, as I have stated, I am vitally interested in the 60 boys who went across the sea and gave the best that was in them, and because of this great economy hysteria we are having now this bill is going to throw these boys out upon the highways, with no place to work, and for this reason I certainly hope the Congress will not let this amendment prevail. [Applause.]

Mr. COX. Mr. Chairman, those sponsoring the pending amendment disclaim any intention of displacing anybody in any job that they now fill. You will, of course, appreciate the fact that the manufacture of uniforms and other wearing apparel for the soldier is not going to cease as a result of the adoption of this amendment, if it be adopted. If it, however, should turn out that those engaged now in the depot at Philadelphia should lose their places, somebody else will do the work.

I particularly desire to answer the argument of my friend from Massachusetts who opened this discussion against the amendment, in so far as he insisted that the adoption of the amendment would return the business to a class that employs sweatshop labor.

A letter was addressed to the Secretary of War on the 13th of the instant month, in which the Secretary of War was invited to make investigation as to the charges that there is a combination or an understanding between clothing manufacturers to put through an amendment of this kind for the purpose of taking over the business of manufacturing uniforms and the increasing of their own profits by the use of

sweatshop labor. In reply to this letter, Mr. Payne, the Assistant Secretary of War, disclaimed any intention on the part of the War Department to charge, or even insinuate, that any such practices would be employed by clothing manufacturers as a result of the depot at Philadelphia being closed. This letter I hold in my hand, and it is a complete answer and an absolute refutation of the argument made by the gentleman from Massachusetts.

Now, will my colleague permit me to make this observation? If there be a desire and a purpose on the part of the Congress to save money to the Government, this affords an opportunity. There is not a single article made in any of the Government factories of this country, and particularly as relates to the Philadelphia plant, without losses, and tremendous losses, being sustained in every operation.

They speak of the necessity of maintaining this plant, first, because it is a unit upon which the Government can build in time of war. They take the position that if you eliminate this activity, in cases of emergency you would be confronted with delay due to the necessity of advertising for bids.

You will recall that after our entrance into the World War, within 12 days from the declaration of war, contracts were let and private manufacturers were at work making immediate deliveries of clothing, and the Government plants at Philadelphia and at other places throughout the country, produced a very small percentage of the needs of the Government. It is then contended that the operation of the Philadelphia plant is necessary as a yardstick, that if it were not for it that commercial firms would combine, enhance prices, and might dominate the field. This condition could not come about under present competitive conditions.

The manufacture of clothing is not an essential war activity, and since heavy losses are being sustained on these operations they ought to cease—certainly in main part. The activity can not be defended or justified upon any basis. The necessity of the country is economy, and this amendment is a move in that direction.

The CHAIRMAN. The question is on the amendment of the gentleman from Missouri.

At the request of Mr. HARLAN, the Clerk again reported the amendment.

The question was taken; and on a division (demanded by Mr. COLLINS) there were 50 ayes and 75 noes.

Mr. SHANNON. Mr. Chairman, I ask for tellers.

Tellers were ordered; and the Chair appointed as tellers Mr. COLLINS and Mr. SHANNON.

The committee again divided; and the tellers reported that there were 76 ayes and 115 noes.

So the amendment was rejected.

Mr. TABER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. TABER: Page 58, after line 24, insert a new paragraph, as follows:

"Hereafter no service shall be counted for purposes of pay of commissioned officers of the Army, active or retired, except active commissioned service under a Federal appointment and commissioned service in any of the military or naval forces of the United States, including the National Guard or the Organized Militia, while in the service of the Government of the United States."

Mr. LaGUARDIA. Mr. Chairman, I reserve a point of order on the amendment.

Mr. GOSS. I make the point of order that it is legislation on an appropriation bill unauthorized by law.

Mr. TABER. Mr. Chairman, I concede that it is legislation.

The CHAIRMAN. The Chair sustains the point of order.

Mr. TABER. Now, Mr. Chairman, I offer the following amendment, which is a limitation.

The Clerk read as follows:

Page 58, after line 14, insert: "None of the funds appropriated in this act shall be used for the purpose of paying any commissioned officer, active or retired, for his salary in which any service has been counted other than active commissioned services under bona-fide appointment and commissioned services in any of the military or naval forces of the United States including the National Guard or the Organized Militia while in the service of the Government of the United States."

Mr. LA GUARDIA. To that I reserve a point of order.

Mr. TABER. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

Mr. BANKHEAD. Reserving the right to object, we have lost considerable time in the consideration of this War Department appropriation bill, and if a point of order is made I think it should be decided now.

Mr. BLANTON. Mr. Chairman, I call for the regular order, and that will require a disposition of the point of order.

The CHAIRMAN. Does the gentleman from Texas desire to be heard on the point of order?

Mr. BLANTON. I will withdraw the demand for the regular order.

Mr. TABER. Then, Mr. Chairman I will take five minutes.

The CHAIRMAN. The gentleman from New York is recognized for five minutes.

Mr. TABER. Mr. Chairman, this is an attempt to save some money for the Treasury of the United States. So far in the consideration of this bill we have not saved any money for the Treasury of the United States, but have added on over \$3,000,000.

Mr. BLANTON. By Republican votes.

Mr. TABER. Not by my vote.

Mr. BLANTON. No; the gentleman has been most faithful in voting for the best interests of the people. But the two amendments carrying over \$3,000,000 additional were put in the bill by the Republican leader and his cohorts.

Mr. STAFFORD. Oh, there is a large section also of them on the Democratic side.

Mr. TABER. This is an attempt to cut down the Army appropriation bill in a way that it ought to have been cut down first, namely, by wiping out of abuses. For 10 years, since the pay bill of 1922, we have been paying men on the basis, not of the service they have rendered but on constructive service, and this is an attempt to do away with that racket.

Mr. LA GUARDIA. Mr. Chairman, will the gentleman explain the constructive service?

Mr. TABER. Yes. Under the provisions of the pay bill, section 4, title 37, of the code, after 1922 those who went into the Army were paid on the basis of active commissioned service under Federal appointment and commissioned service in the National Guard when called out by order of the President. Officers appointed prior to that time are entitled to count service as enlisted men, and a percentage of the service rendered in various civil components. There is a discrimination in the latter group. An enlisted man elevated to the commission grade has his base pay and longevity pay computed upon the basis of his enlisted and commission service, whereas a West Point graduate, commissioned at the same time, has his longevity pay computed from the day that he graduates. The result of it is that oftentimes a lieutenant performing very minor services and taking small responsibility is receiving more pay than a lieutenant colonel. On the fleet in the Pacific a little while ago a junior lieutenant was receiving more pay than his admiral in charge of the fleet.

Mr. LA GUARDIA. Oh, that would not be possible in the Army, would it?

Mr. TABER. It would be possible for a lieutenant in the Army to receive more pay than a lieutenant colonel.

Mr. LA GUARDIA. That is impossible I think. I think the gentleman must be in error. In the Navy his illustration is correct, but not in the Army.

Mr. TABER. They get paid away out of line to what they ought to be paid. I want to stop it. This amendment, if it is adopted, will save \$3,500,000 a year in the Army bill, and God knows we need to save \$3,500,000 out of this Army bill. There is not any excuse under heaven why this should not be done.

Mr. BLANTON. Can the gentleman get his minority leader from New York [Mr. SNELL] to back him up in this saving proposition? If he can, it is saved already. Because he and his Republican followers put the extra \$3,000,000 in this bill by their votes.

Mr. TABER. I hope the gentleman from New York [Mr. SNELL] will support this amendment. I am wondering if the gentleman from Mississippi [Mr. COLLINS] will support this amendment. He is the chairman of the subcommittee.

Mr. COLLINS. I shall support it. I have always been in favor of it.

Mr. TABER. I am glad to hear that. I know that when this matter was before the House, when the Army pay bill was under consideration in 1922, the gentleman from Alabama [Mr. OLIVER], than whom no man in this House has more knowledge of Army pay and Navy pay, presented a minority report which would have done away with some of these abuses.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TABER. Mr. Chairman, I ask unanimous consent to proceed for two minutes more.

The CHAIRMAN. Is there objection?

Mr. LA GUARDIA. Mr. Chairman, I reserve the right to object in order to get some understanding here. I have always sought to play the game fairly. A few moments ago time was limited. I understood that I was included among the Members to be allotted time. If you are going to be nice, I can be nice; but if you are going to be nasty, I can be just as mean as anybody else on the floor. Let us be fair about it.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TABER. Mr. Chairman, the Budget estimates on this bill are just about met now, when you consider the reappropriation and the transfer of funds. If we are going to have this bill below the Budget, we have to do something which will save some money, and save it fairly. There is no sense in our going ahead with this artificial pay scale, which has been in effect for 10 years.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. BULWINKLE. The gentleman stated just now, as I understood him, that he knew of the case of a second lieutenant who drew as much pay as a colonel.

Mr. TABER. Oh, no; I did not say that. I said I knew of a case in the Navy where a junior lieutenant drew more pay than an admiral. I did say that I believe a lieutenant would get as much pay as a colonel, or more, under certain circumstances. They now get paid away out of line for what they do.

Mr. LA GUARDIA. Will the gentleman please explain how.

Mr. TABER. Because all these officers are paid according to the length of service, and instead of counting their service from the time they are commissioned, like a West Point graduate is required to count his time, they count their service perhaps as an enlisted man, perhaps as having served in the National Guard as a private, perhaps as having served as a reserve officer, or something of that kind, so that they do not have actual commissioned service to count like the man who comes from West Point. My amendment is to do away with this constructive service and get rid of this abuse and cut out three and a half million dollars a year.

In the report of the joint committee on Army and Navy pay made in January, 1931, the committee said:

Under the present system it is possible not only for officers within one grade of a single service to be drawing more pay and allowances than their seniors in that grade, but also more than many of their seniors in 1, 2, 3, and even 4 grades above.

No officer should receive more pay than any other senior to him.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. LA GUARDIA. Mr. Chairman, I ask for recognition in opposition to the amendment.

Mr. BANKHEAD. Mr. Chairman, is the point of order in this case going to be pressed?

Mr. LA GUARDIA. I withdraw the point of order. It is a limitation.

Mr. Chairman, I think it is a pretty well-established rule of law that if a witness is inaccurate in any part of his testimony the jury may disregard all of his testimony.

Mr. COLLINS. Will the gentleman yield to me?

Mr. LaGUARDIA. Not just now. It is too bad the gentleman from New York [Mr. TABER] went off half-cocked on this proposition, because there may be some merit in what the gentleman seeks to do; but surely if the gentleman intended to change existing law he should have come before this House better prepared on his facts. There may be need of correction of abuses to which the gentleman from New York alludes, but the way to do that is by proper legislation, with all of the facts before us, and not by an amendment so far-reaching in its effect as this would be.

No one can accuse me of trying to load up this bill, because I never have, but I want to be fair. Certainly we can not wipe out an obligation to which we are honor bound, if you please, in addition to legally bound, namely, the payment based upon service and longevity. I submit that if there are any abuses through defect of the law, the matter should be given consideration by the proper committee. To come here blindly and endeavor to change the policy and law by an amendment, under the guise of a limitation, I submit, is not fair.

The gentleman from New York [Mr. TABER] is clearly in error when he talks about a second lieutenant drawing the same pay as a colonel. I do not care whether he is a second lieutenant or a factory worker in the garment shop in Philadelphia, I believe in a living wage, and a second lieutenant in the Army to-day is not getting a living wage. Now, let us be fair about it. After all, he must live. He has his obligations and many fixed charges he can not avoid. I know something about that. I am willing to go along on this bill and economize, but I am going to do it intelligently, and I am going to do it upon facts about which there can be no dispute. The gentleman from New York [Mr. TABER] will have an opportunity within a very few minutes to economize. Wait until the river and harbor and flood-control boys are mobilized. They are mobilizing now. That is the time for the real economists to marshal their forces to meet this attack.

Mr. TABER. And I will be there. But why does not the gentleman get back of this attempt to really save money?

Mr. LaGUARDIA. I will tell the gentleman. The gentleman has not got his facts correctly. He did not present his case properly. Let us be fair. I admire the gentleman from New York. He is one of the hardest-working men on the committee, but this time the gentleman did not present a case, and it would cause too many injustices in order to correct individual cases. It would affect too many to take snap judgment on an amendment like this, under the circumstances.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. MARTIN of Oregon. Is this not an underhanded attack on the National Guard officers who came into the Army after the World War?

Mr. LaGUARDIA. I may say to the gentleman it comes so suddenly upon us and it is so far-reaching that we can not get all the facts.

Mr. MARTIN of Oregon. It is an attack on the constructive service of the National Guard officers.

Mr. LaGUARDIA. When the gentleman says that a second lieutenant can draw as much pay as a colonel, then I know he has not looked into the matter properly. The gentleman is confusing it with the pay of the Navy.

Mr. COLLINS. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. COLLINS. The report of the committee shows that a second lieutenant can draw as much, under the terms of the pay bill, as a lieutenant colonel.

Mr. LaGUARDIA. Under the terms of what bill?

Mr. COLLINS. The present pay bill.

Mr. LaGUARDIA. Then he must be 60 years old and he must have been a lieutenant for 40 years.

Mr. COLLINS. Well, that statement was made to the committee.

Mr. LaGUARDIA. Then the second lieutenant must be 60 years of age and he must have been a second lieutenant for 40 years, and that is improbable.

The CHAIRMAN. The time of the gentleman from New York [Mr. LaGUARDIA] has expired.

Mr. PARKER of Georgia. Mr. Chairman, I ask unanimous consent that the gentleman from New York be allowed to continue for one additional minute, in order that I may ask him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. PARKER of Georgia. Is it not a fact that the longevity pay of commissioned officers is 5 per cent for each three years of service for a period of 30 years?

Mr. LaGUARDIA. Well, whatever the percentage is.

Mr. PARKER of Georgia. That is what it is. It is 5 per cent for each three years. I wanted to get that into the Record. The gentleman's statement is entirely correct. A second lieutenant would have to be 40 or 50 years in the service before he could possibly draw as much money as a colonel, and by that time he would probably be a colonel himself. His base pay on entering the service is \$125 per month.

Mr. CHIPERFIELD. Up to 30 years?

Mr. PARKER of Georgia. Up to 30 years the increases in pay are allowed.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in five minutes.

Mr. GOSS. Mr. Chairman, I would like to have five minutes. If not, I object.

Mr. COLLINS. I have made the request, Mr. Chairman.

Mr. GOSS. Mr. Chairman, I object.

Mr. COLLINS. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in five minutes.

The question was taken; and on a division (demanded by Mr. Goss) there were ayes 76 and noes 37.

So the motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. Goss) there were—ayes 60, noes 44.

Mr. GOSS. Mr. Chairman, I ask for tellers.

Tellers were refused.

So the amendment was agreed to.

The Clerk read as follows:

For repairs and preservation of monuments, tablets, roads, fences, and so forth, made and constructed by the United States in Cuba and China to mark the places where American soldiers fell, \$770.

Mr. BROWNING. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. BROWNING: Page 61, line 16, insert a new paragraph, as follows:

"For removal of the bodies of World War veterans buried in cemeteries in Europe, transporting them to the United States and reintering them in national cemeteries, \$10,000,000."

Mr. COLLINS. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN (Mr. BANKHEAD). The gentleman will state it.

Mr. BROWNING. Mr. Chairman, will the gentleman withhold the point of order.

Mr. COLLINS. I will withhold it to enable the gentleman to make a statement to the House.

Mr. BROWNING. Mr. Chairman, I think the amendment I have offered should receive the serious consideration of this House, whether the subject matter is proper at this place or whether it should be in a separate authorization.

I for one am not willing that we as a Nation should leave there those to whose memory we have the sentimental attachment that we do to our buried soldiers in Europe under present conditions. I do not believe, out of proper deference to their memory, we should let them remain there.

I know most of those men felt doubtless as many of the rest of us did, that should we have fallen in France we would have been willing to remain on the land where we fell, but conditions have changed since that date, and in a surprisingly short length of time from the moment when we had such feeling we find the nation in which most of these men are buried has deliberately and willfully disregarded its written word and its definite pledges to the United States. These matters will require, no doubt, long diplomatic controversy to straighten out. There has been quite a bit of feeling, we might as well admit, engendered in both nations over the matters involved in the controversy. I repeat, I am unwilling to leave our buried dead in that soil under such conditions, and I want this House to consider seriously whether this amendment should not be adopted, and, if the point of order is insisted on, then whether we should not at an early date make provision for bringing these loved ones of ours home and placing them in the soil of their native land where there can no question arise in the nature of an international controversy that might involve our sentimental attachment to them.

I hope the gentleman from Mississippi will not make the point of order and that the House will approve bringing back home our soldier dead. [Applause.]

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I make the point of order that the amendment provides for an appropriation not authorized by law.

The CHAIRMAN. The Chair sustains the point of order. The Clerk read as follows:

PETERSBURG NATIONAL MILITARY PARK

For continuing the establishment of a national military park at the battlefields of the siege of Petersburg, Va., in accordance with the provisions of the act approved July 3, 1926 (U. S. C., Supp. V, title 16, secs. 423-423i), including surveys, maps, and marking the boundaries of the park; pay and expenses of civilian commissioners, and pay for clerical and other services; supplies, equipment, and materials; maintenance, repair, and operation of one motor-propelled passenger-carrying vehicle, and all other expenses necessary in establishing that park, including not to exceed \$187 for or on account of travel, \$14,817.

Mr. STAFFORD. Mr. Chairman, I offer an amendment. In line 17, page 64, strike out "\$14,817" and insert "\$4,817." The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 64, line 17, strike out "\$14,817" and insert "\$4,817."

Mr. STAFFORD. Mr. Chairman, I think it must be an inadvertence or the fault of the printer when he increased the appropriation in this item \$10,000 over the Budget estimate, being the only instance where the subcommittee has increased a Budget estimate for the care and maintenance of these national parks. I shall await a statement from the chairman of the subcommittee as to whether this is an inadvertence due to a typographical error or whether it is the deliberate purpose of the chairman of the subcommittee to increase the amount in this instance above the Budget estimate.

Mr. COLLINS. I will say to the gentleman from Wisconsin that this does not increase the total of the Budget recommendations touching nonmilitary activities. There was \$10,000 carried in the estimates for the preservation of some old walls in Puerto Rico, which we omitted and added to the estimate for the park at Petersburg.

Mr. STAFFORD. The gentleman is justifying a transfer of some appropriation down to Petersburg above the Budget estimate—

Mr. COLLINS. I thought the gentleman wanted me to answer his question.

Mr. STAFFORD. I yield for that purpose.

Mr. COLLINS. There was \$10,000 provided in the Budget under the nonmilitary section for an activity at Puerto Rico. There has been a large amount of land donated to the Government at Petersburg, much of it has been grubbed and parked, and that work will have gone for naught unless some money is made available for maintenance. In my opinion, this park ranks among the most worthy of all these projects. Practically all of the other parks have charged

the Government for the land acquired, while in this instance the land was given to the Government. The subcommittee unanimously decided to transfer the money asked for Puerto Rico to Petersburg. It was a unanimous decision by the committee, I will say to the gentleman.

Mr. STAFFORD. Mr. Chairman, I think it is a far fling from Puerto Rico to Petersburg, Va., to utilize an appropriation that had lapsed, perhaps, for some character of park purpose in Puerto Rico to provide for the purchase of land at Petersburg. I took occasion to look into this subject, because this is the only instance where the Committee on Appropriations has departed from the Budget estimates with respect to these parks.

I read the hearings, and there is not a word in the hearings to justify the appropriation of money on the part of the National Government for the purchase of land. It was intended that the land for this park—and there are six or seven pieces involved—should be donated to the Government. There is no appeal on the part of the local authorities that this enactment should be changed, and yet it is here incorporated. We heard the Members on the other side criticize this side when we attempted to secure an appropriation for a most meritorious proposal at Howard University in going against the Budget.

It has been my unerring rule in this Congress to stand back of the Budget estimates. True, this principle has been wafted to the winds in this session in the consideration of this bill; but I do not think this committee, and certainly the great Committee on Appropriations, should be violating this fundamental principle even to the extent of a measly \$10,000, even though it could be found hidden away over in Puerto Rico, and have it transferred to this one item and in this way play favorites.

I am opposed to this policy, and even though the amount is only \$10,000, which may be only a few pennies in the eyes of some, I hope the committee will stand back of the policy of the Budget officer in recommending only what is necessary for the upkeep of these national parks.

Mr. DREWRY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think the committee, if it understood this proposal, would not be in favor of the amendment of the gentleman from Wisconsin.

The situation is that this park is located on land that had previously grown up, with underbrush all over the breastworks or fortifications.

The appropriation that was originally made was just sufficient to take care of the clerical work of the office. It is a matter of economy to make the extra appropriation here asked for, because if you do not, you will lose the benefit of all the work that has been done up to this time in clearing off the undergrowth around the breastworks. Therefore, if you do not grant the appropriation asked at this time, it means that in the years to come you will have to add more money to the appropriation in order to again clear up the work which had already been done.

Mr. BYRNS. Mr. Chairman, in view of what was stated by the gentleman from Wisconsin, I feel that in justice to myself I ought to make this statement.

I think Members of this House will give me credit for trying to be consistent with reference to appropriations. I have never considered sections; I have never considered districts or localities when it comes to appropriations in an appropriation bill.

I have a military park in my own district that is unfinished. They need something like \$20,000 in order to finish the park. They came to me last fall and asked me to get it. If I had requested the subcommittee to put it in the bill, in view of their action with reference to this matter, I feel they would have done it for me. I did not ask the Director of the Budget, but I told my constituents that we were facing a deficit of millions of dollars, and that we had had deficits since 1931, and I felt when it came to establishing military parks, when there were 11,000,000 men suffering in this country, when we are being called upon to make appropriations to help out those who are suffering and who

need help, we ought not to be appropriating money for military national parks.

Adjoining my own district is another—Stone River—where they passed resolutions requesting an appropriation, and yet neither Judge DAVIS, who represents that district, nor I, viewing the situation that our Government is in—think we ought to ask the Appropriations Committee to violate the rule that where an appropriation is not estimated for, it ought not to be considered.

I opposed the appropriation for a central heating plant at Howard University and for additional men up here on the border, and I based my opposition on the ground that the President of the United States and the Director of the Budget failed to estimate for it.

How can I justify myself if I favor an appropriation not estimated for, even if it only involves the sum of \$10,000? If I had been in the committee, I would have opposed this provision. Gentlemen will remember that for one week I was confined to my room on account of illness and was not present when the bill was reported. I knew nothing about it until after it was reported.

I feel, in justice to myself, that I ought to make this statement, and in justice to my own constituents for whom I ask no such favor. Gentlemen, we are facing a serious situation. We have already added to this bill, and we have added to it items more justifiable than this. But in the name of heaven, are you going now, when the President and the Budget Director did not ask for it, even though it may only involve \$10,000—are you going to make an appropriation for an addition to military national parks which can wait until times are better?

I am appealing to you in the interest of the taxpayer, and also in justification of my own situation, because above all things I want to be consistent in the position I take on appropriations, regardless of whether it affects one section of the country or another.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask that the gentleman may have one minute more in order that I may ask him a question. When Republicans across the aisle have added \$3,000,000 to this bill, and the people find out about such increases without knowing who did it, every Member of the House will be held responsible for it. There are only certain Democrats who are responsible for helping Republicans to put these extra millions in the bill. Does not the gentleman believe that in fairness to the country and in fairness to the membership of the House we ought to have a separate yea-and-nay vote in the House on every amendment that has added increased millions to the appropriations in this bill over the Budget estimate, so the country may blame only such Members who voted such increases?

Mr. BYRNS. That may be true, I will say to my good friend, who always stands for economy; I am opposed to these additions to the bill beyond and above the Budget estimate.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this paragraph, and all amendments thereto, close in five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BARBOUR. Mr. Chairman, I should like to state that in the case of this appropriation there was no intention on the part of the subcommittee to favor one park over another. The committee has felt for some time that Petersburg National Park is one of the most worthy projects of this kind. It is different from many other national parks, because they are completed projects, and the money appropriated is merely for maintenance and operation. Petersburg National Park is in the course of construction. It has been authorized only within recent years. The land that will comprise the park is being donated by the people who live in and about Petersburg, without cost to the Government. Heretofore, in recent years, the Budget has recommended certain money to improve this land that is being acquired for Petersburg National Park; and if my recollection serves me correctly, in recent years the Budget

estimates for this project, if they have not been reduced, have not been increased, with the result that the work of developing the park has practically stopped.

Mr. DREWRY. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. DREWRY. Last year the War Department recommended \$100,000, and the Budget reduced the estimate to \$5,000. The same thing happened this year. The estimate given by the War Department was \$100,000, and again it was reduced to \$5,000, so that virtually all work has been suspended, and the result has been that the underbrush has grown up, and unless this money is used we will have to do the work all over again.

Mr. BARBOUR. The subcommittee felt that this work has been delayed, and that the subcommittee would be justified in recommending this small sum of \$10,000 in addition to the Budget estimate of \$4,817 in order to speed up a little bit this work in connection with the Petersburg National Park. It was represented to our committee that practically all of the money would be expended in grubbing out this land and giving employment to people in this community. It is a small amount; it is nothing to get excited about; and the committee felt justified in bringing this item before the House and recommending it and letting the House accept or reject its recommendation. I, for one, believe that the appropriation carried in the bill is fully justified.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. DREWRY) there were—ayes 74, noes 31.

So the amendment was agreed to.

The Clerk read as follows:

For the preservation and maintenance of existing river and harbor works, and for the prosecution of such projects heretofore authorized as may be most desirable in the interests of commerce and navigation; for survey of northern and northwestern lakes, and other boundary and connecting waters as heretofore authorized, including the preparation, correction, printing, and issuing of charts and bulletins and the investigation of lake levels; for prevention of obstructive and injurious deposits within the harbor and adjacent waters of New York City; for expenses of the California Débris Commission in carrying on the work authorized by the act approved March 1, 1893 (U. S. C., title 33, sec. 661); for examinations, surveys, and contingencies of rivers and harbors; and for printing, as may be authorized by the Committee on Printing of the House of Representatives, of surveys under House Document No. 308, Sixty-ninth Congress, first session, and section 10 of the flood control act, approved May 15, 1928 (U. S. C., Supp. V, title 22, sec. 702j): *Provided*, That no funds shall be expended for any preliminary examination, survey, project, or estimate not authorized by law, \$39,388,129: *Provided further*, That hereafter the provisions of section 5 of the act of July 16, 1914 (U. S. C., title 5, sec. 78), shall be construed as applying to the Corps of Engineers as to motor boats and motor-propelled passenger-carrying vehicles: *Provided further*, That no appropriation under the Corps of Engineers for the fiscal year 1934 shall be available for any expense incident to operating any power-driven boat or vessel on other than Government business.

Mr. COLLINS. Mr. Chairman, I offer the following amendment, which I send to the desk.

Mr. GOSS. Mr. Chairman, I reserve the point of order on the proviso lines 16 to 20 for the purpose of an explanation, because it makes it permanent law with the word "hereafter."

Mr. COLLINS. Mr. Chairman, the purpose of the amendment which is on the Clerk's desk is to enable the Engineer Corps to maintain and operate all their boats and motor vehicles during the fiscal year 1934, which they probably would not be able to do under the language as written in the bill. The purpose, therefore, of the proviso as amended is to cause the Engineer Corps to present estimates to Congress of their motor-boat and passenger-carrying automobile needs so that we may determine whether or not their purchase should be permitted. That course is required of every other department of the Government, and we felt that on account of certain abuses that had come to our attention this language ought to be made applicable to them.

Mr. GOSS. And that is all the proviso does?

Mr. COLLINS. That is all it does.

Mr. GOSS. I withdraw the point of order.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Mississippi.

The Clerk read as follows:

Amendment offered by Mr. COLLINS: Page 68, line 19, before the word "motor," insert the words "the purchase of."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. WILLIAM E. HULL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. WILLIAM E. HULL: Page 68, line 16, after the word "law" strike out "\$39,388,129" and insert "\$60,000,000."

Mr. WILLIAM E. HULL. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. Is there objection?

Mr. BARBOUR. I object.

The CHAIRMAN. Objection is heard and the gentleman is recognized for five minutes.

Mr. WILLIAM E. HULL. Mr. Chairman, the reason I asked for the additional time was because I think this is a question that the Members of the House should understand.

I call the attention of Congress to the fact that river and harbor projects have been prosecuted during the last five years with a view to the ultimate completion of a large number of works that are important to the interest of transportation in the different sections of the country. In that period the expenditures on this work have averaged \$61,815,000 annually. The large expenditures have been due to the high cost of the work necessary to complete them. The appropriations for the past two years have been \$82,500,000 and \$90,000,000, respectively. At the present time the estimates are based on costs that prevailed when the reports were submitted in 1930 and prior years. However, under present conditions these costs are reduced about 50 per cent. So it seems it would not be a hardship upon the Treasury of the United States, considering the tremendous good that this work will do. Under an appropriation of \$39,388,129, as carried in the bill, only about \$12,000,000 would be expended for improvement work as compared with \$51,492,483 expended during the fiscal year 1932. In other words, this proposed increase will facilitate the completion of these waterway projects, and will keep men at work who under the smaller appropriation would have to be discharged.

I do not believe this is the proper time to make exorbitant expenditures, but these expenditures are not exorbitant. I call your attention to the fact that the War Department's original estimate was reduced to a figure that they believed would not be out of line with the financial situation, namely, \$75,000,000. They have furnished this estimate of \$60,000,000, and it seems to me a good compromise. It takes practically \$27,632,950 to maintain our present existing river and harbor works, so that if only \$39,000,000 is appropriated, only \$11,655,179 would be provided for new work, and every Member of this House knows it would not be profitable or businesslike to adopt such a dribbling policy. If that policy were continued, it would take 25 years to complete existing projects, including the upper Mississippi, Missouri, and Tennessee River projects. But by adding the additional \$20,000,000, making the total amount \$60,000,000, we will then have \$32,367,050 for new work, which is not out of line, as the engineers are all prepared to go ahead with these works, and the works heretofore adopted can be completed within a reasonable time.

RELIEF TO UNEMPLOYMENT

It is estimated that the emergency rivers and harbors relief employed during the depression directly and indirectly an average of 100,000 men on a basis of 48 hours per week; but as the rule is now to put them on a basis of 30 hours per week, this would mean 1.6 man per week for each man on the present 48-hour basis. In addition to the direct labor, it increases the labor in the plants that furnish the material used.

I quote from the Military Engineer as follows:

It is believed that on a conservative basis about one man-year of direct employment can be provided for \$4,000 of river and harbor expenditure and for \$3,500 of flood-control expenditure, assuming the usual cross-section of such work, including lock and dam construction, dredging, jetties and breakwaters, dikes, revetments, and levee construction. It is also conservatively estimated that at least one man is employed indirectly for every man directly employed.

Based on these assumptions, I figure if we are only to have \$11,655,179 for new work, more than 75,000 men will be obliged to look for employment in other directions. These men will take some one else's job or be out on a dole. Even so, the Government will have to pay, and I think it is far better to keep the men at work. In addition to that, the cost to-day of rivers and harbors work is about 50 per cent of the original cost, and I call your attention to two of many projects to show you how this runs:

	Estimated cost	Low bid
Dredging Miami River, Fla.....	\$1,058	\$517
Dredging Livingstone Channel, Detroit River.....	6,097	3,425

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MCGUGIN. I ask unanimous consent that his time be extended five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WILLIAM E. HULL. All the projects run along in just about this proportion. These Federal improvements will show even greater dividends than were anticipated when they were originally authorized as economic improvements; and if we should allow the discontinuance of the work now and wait until such time as business is good in the country, the cost will be more than double the amount that it would be at the present time, would not be as effective to take care of labor, and the people would not have the use of the waterways nearly as long as they will have them if the work is now completed.

I want to call your attention to just where this money will be spent:

	Improvement	Maintenance
Atlantic coast.....	\$4,766,050	\$7,379,000
Gulf coast.....	1,386,200	3,050,500
Pacific coast.....	1,240,000	3,650,200
Intracoastal waterway.....	6,115,800	1,736,700
Inland waterways.....	13,832,000	7,624,500
Great Lakes.....	5,027,000	2,499,421
Examinations, surveys, contingencies, and miscellaneous items.....		1,646,629
Total.....	32,367,050	27,632,950
Grand total.....		60,000,000

With the foregoing explanation that I have given, I can not see how anyone who would use good business judgment would not be willing to vote for this additional appropriation.

Take that out of the \$39,000,000 and what do we have left? Eleven million six hundred and fifty-five thousand one hundred and seventy-nine dollars. Take that off the \$52,000,000 that we spent this year, when we had 100,000 employees, and what does this do? It is bound to take off three-quarters of the men, or 75,000 men will have to be taken off this work; 25,000 men will work on maintenance, leaving a total loss of work for 50,000 men. In addition to that, I wish to say that you will have to put those men on dole. Is it better to put them on dole or is it better to make this appropriation and let those men work for their living? This is not a river and harbor proposition. It is an economic proposition. I think I am enough of a business man to stand before this House and show you that if you take such a course as the Budget has taken, you are biting off your nose to spite your face. You are only putting the money in one pocket to take it out of the other to pay these men a dole.

It is the most absurd thing I ever heard of. I want you Members not to think I am trying to increase the appropriation. I am trying to save jobs for these men. It is up to you to vote it up or vote it down. I thank you.

Mr. COCHRAN of Missouri. Will the gentleman from Illinois yield?

Mr. WILLIAM E. HULL. I yield.

Mr. COCHRAN of Missouri. The gentleman has the confidence of the President of the United States. Can the gentleman tell us how the President feels about it?

Mr. WILLIAM E. HULL. I did not ask the President about it. I went to the engineers, where it belongs, and got it from them.

Mr. RAGON. Will the gentleman yield?

Mr. WILLIAM E. HULL. I yield.

Mr. RAGON. Were there any hearings before the subcommittee? Did the gentleman present this amendment to the subcommittee?

Mr. WILLIAM E. HULL. I did not present it to the subcommittee. The subcommittee held its hearings. The gentleman from Mississippi [Mr. COLLINS] admitted in his speech that the appropriation was inadequate.

Mr. RAGON. Did any of the gentlemen interested in this matter go before the subcommittee and ask for a hearing and present this matter to them?

Mr. WILLIAM E. HULL. To tell the truth about it, none of us knew anything about it until it was passed.

Mr. RAGON. The gentleman knew it when the Budget came here, did he not?

Mr. WILLIAM E. HULL. I am just telling the gentleman what the engineers told me. They are the best authority I know of.

Mr. RAGON. But when the Budget was brought here the gentleman and his friends who are back of this matter knew there was a reduction of \$21,000,000.

Mr. WILLIAM E. HULL. We certainly did.

Mr. RAGON. And the gentleman did not ask for any hearing before the subcommittee?

Mr. WILLIAM E. HULL. No; because we were not informed of the hearings.

Mr. RAGON. And the gentleman now comes on the floor and in five minutes' debate wants us to add \$21,000,000 to the bill.

Mr. WILLIAM E. HULL. Oh, no. That is not so at all. The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. COLLINS. Will the gentleman yield to me?

Mr. BLANTON. If it is not taken out of my time, yes.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 30 minutes.

Mr. LaGUARDIA. Reserving the right to object, I want five minutes.

Mr. McGUGIN. I want five minutes.

Mr. COLLINS. I will amend my request to make it 35 minutes, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi as modified?

Mr. LaGUARDIA. Reserving the right to object, does the chairman include me in that 35 minutes.

Mr. COLLINS. I will be delighted to go directly to the Chair and ask the Chair to recognize the gentleman from New York.

Mr. LaGUARDIA. I am particularly interested in the Harlem River.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Chairman, on the minority side of the Committee on Appropriations there are some of the ablest, strongest Republican Members of this House. The Army appropriation bill, that is now under consideration, came to this House with a unanimous committee report.

Not a single member of that committee saw fit to file a minority report against any of its provisions or for any increases. It is the consensus of opinion of 35 men whom this House has put in charge of appropriations, as indicated by such unanimous report, that no additional sums for the Army shall be taken out of the people's Treasury.

What is happening to the bill? Republicans have added millions to it. The other day, when I was eulogizing my good friend from California [Mr. BARBOUR], who had not filed any minority report on this bill, I was taking it for granted that he was going to uphold the bill that was brought by his committee before this House. I did not know that with the help of the minority leader, the distinguished gentleman from New York [Mr. SNELL], who has Plattsburg in his district, was going to put \$550,000 more on one item in the bill. I did not know he was going to rise later and put another \$2,500,000 in this bill, which he did yesterday.

I am surprised that the gentleman from the State of Illinois [Mr. WILLIAM E. HULL], where the business men right now are making the greatest clamor to Congress for a reduction in governmental expenses, should come here and ask this House to increase the appropriation on this one item \$20,611,871. Where is the money coming from? With a Treasury that is depleted now, that has a deficit of a thousand million dollars this year, with a Treasury that had a deficit last year of a thousand million dollars, with a Treasury that the year before had a billion-dollar deficit, where is the money coming from, I ask you in all fairness?

Now there is the same responsibility upon every Member of this House. It is the responsibility to keep the expenses of this Government within the income of the Government. What is the use of men working here and grinding day and night, working Sundays and working holidays, trying to get this Budget balanced, if as soon as they accomplish something in the way of reduction of expenses, Members here and there who have had something taken from their districts rise and ask that it be put back? Why, we can not stop that kind of raid on the Treasury—there are too many men here interested—unless you stand up and are willing to make some sacrifice in your district in the interest of balancing the Budget for your Government of the United States.

The press is holding all of us responsible. They are attacking all of us every day. They are attacking even the ones who are working trying to balance the Budget. We are all getting criticism, and we all deserve it unless we fix the responsibility where it belongs. When this bill gets back in the House I am one of those who are going to vote to force a roll-call ye-and-nay vote on every amendment and thus put every Member of this House on record and let his constituents and the country find out who is responsible for adding all the increases to this bill. It is a responsibility for which all of us ought to be held until we show we are in the clear on it. And to-morrow the RECORD of this day's proceedings will be printed and will contain the individual vote of the Members who cause these millions to be added to this bill, and I want the press and the people not to hold any of the rest of us responsible, but only those who vote for these additional sums.

Mr. BANKHEAD. Mr. Chairman, there have been frequent items in the consideration of this bill that I have felt like saying something upon in order to undertake to maintain a consistent attitude in standing by the Budget and the Committee on Appropriations in an earnest effort to hold our appropriations to the lowest possible point. We have now reached a place where I think it singularly appropriate for me to voice some objection to the amendment that has been offered, because my section of the country is very largely interested in the improvement of our river and harbor system. It may not be generally known that the State I have the honor in part to represent upon this floor has more miles of navigable streams than any other State in the American Union. We have a great inland waterway system in Alabama, and we have a great Gulf port that we are all exceedingly anxious to foster and develop whenever the

opportunity arises to appropriate funds for that purpose consistent with the state of our public Treasury.

Mr. Chairman, what is the actual condition with which the Treasury is confronted to-day? It is familiar to all of us, not only familiar to you gentlemen but it is familiar to every taxpayer and every business organization in the United States of America.

Why is it that in every State of this Union you see daily and weekly the organization of taxpayers' associations to undertake to reduce the almost impossible burden of taxation that is now pressing down upon the energies of all of our people? It is because, Mr. Chairman, they realize that their substance, their savings, their energies under the adverse conditions with which we are now confronted, are being absolutely dissipated and destroyed by the accumulating burdens of Federal, State, county, and municipal taxation. That is the reason why protests are coming to this Congress. We are the keepers of the purse strings of the public Treasury, and we individually have a burden here upon the floor of this House. Individually and collectively we are the only appeal that our people back home have; and they are sending messages to this Congress every day by personal appeal and by public resolution imploring us to be mindful of these great burdens of taxation under which they are struggling; yet now Members come in here as did the gentleman from Illinois, who, with one stroke of his pen, would raise the appropriation on this item on rivers and harbors more than \$20,000,000. I have read the hearings with reference to this appropriation. They indicate that the Army engineers will have available to them for expenditure during the next fiscal year the sum of \$44,000,000.

The gentleman predicates his appeal to you not upon the legitimacy of this increase as a matter of fiscal policy, as a matter of legitimate increase for rivers and harbors purposes, but upon the principle of unemployment. That is the basis upon which he predicates his appeal. We ought to have appropriate legislation looking to the relief of unemployment in this country, but we should not burden the Treasury by putting it upon the rivers and harbors item in this bill.

Mr. WILLIAM E. HULL. Mr. Chairman, will the gentleman yield?

Mr. BANKHEAD. I can not yield. I wish every Member had an opportunity to speak on this subject, but, as the gentleman knows, the time has been limited.

I submit to the Members of this House, to all of you, that that is not the real consideration here. The question here is whether the Corps of Engineers actually need, for the purpose before them to-day, this additional sum of \$21,000,000.

They say in their testimony before the committee that they can get along with the committee appropriation on all the essential features of the program that has been laid down by the Congress.

Let us accept as our course of procedure not what we would like to have but the least we can get along with to run the public business. [Applause.]

Mr. TABER. Mr. Chairman, I hate to be talking so much on this bill, but as a Republican Member of this House I can not let this opportunity go by to urge my Republican colleagues and my Democratic colleagues to meet the responsibilities with which they are faced here to-day.

Are we going to run wild, are we going to spend our money just for the sake of spending it, thinking we are good fellows? The gentleman from Illinois predicated his appeal, partly, upon the relief of unemployment. Let me say to you, Mr. Chairman, when these questions were involved last spring, I took the matter up with the Board of Army Engineers and I found out that they expected to keep 8,000 men on the average at work, with \$37,000,000, or \$4,700 to keep one man at work for one year. The rest of it goes for contractors and for material and all that sort of thing.

The gentleman from Illinois told us that \$20,000,000 would put 75,000 men to work. How much would that be per man?

Mr. WILLIAM E. HULL. I did not say that.

Mr. TABER. That is what I understood.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. TABER. How much did the gentleman say?

Mr. WILLIAM E. HULL. I said that with \$20,000,000 you could keep 50,000 men at work, and I will tell you why.

Mr. TABER. I will show the gentleman why in just a second and then he will understand it.

Mr. WILLIAM E. HULL. No; the gentleman is wrong.

Mr. TABER. If you could put 50,000 men to work with \$20,000,000 that would be \$400 per man, and does anybody suppose that the men are working for that amount? This is the way the arithmetic of the gentleman's statement works out.

I want to show you what the President of the United States said in his Budget message:

Because of a reduction in the cost of labor and material for work of this character, the value of the work of river and harbor improvement, which can be accomplished during the fiscal years 1933 and 1934 with the funds available, would represent an increase of 15 to 40 per cent or between \$171,862,000 and \$209,223,000, at 1929 costs or practically the figure of \$85,000,000 a year on the average for these two years.

Now, do you not think the President of the United States has provided money enough for us to spend? Are we ever going to get anywhere if we do not stop spending now?

I appeal to my Republican colleagues to get in line behind the Budget of the President. I appeal to my Democratic colleagues to stop spending money and get in line behind the report of the committee, their committee, and sustain their committee.

Mr. MEAD. Will the gentleman yield?

Mr. TABER. I yield.

Mr. MEAD. I notice a statement in the RECORD here commenting on the subject by the chairman of the committee in his opening address, in which he states that in his judgment the committee did not care to raise these two items, but, as a matter of fact, all of the committee would, no doubt, vote to increase the items if the matter were brought up on the floor of the House. I am not for this amendment, but I am wondering why this statement was made.

Mr. TABER. Of course, I am not on this subcommittee and I can not speak for the members of the subcommittee, but I would say that I would hope that all of the five members of the subcommittee would vote to sustain their own report.

Mr. BLANTON. Will the gentleman yield?

Mr. TABER. Yes.

Mr. BLANTON. The gentleman is a member of the main committee.

Mr. TABER. Yes.

Mr. BLANTON. Did the main committee authorize any such statement as that?

Mr. TABER. It did not, and the committee wants to keep this thing down.

[Here the gavel fell.]

Mr. McDUFFIE. Mr. Chairman, I doubt if there is any man on this floor who has been more enthusiastic in the matter of the development of our rivers and harbors than I have been. In the heyday of our prosperity I was not only willing but worked at all times to hasten the development of this all-important governmental activity; but things are different in America to-day.

I do not need to tell you that this country is in the greatest crisis in all of its history. The overburdened taxpayer far and near is hoping and praying that the day will come when we will realize that one of the ways to get this Nation on an even keel is the old, homespun, wholesome, and sound way of stopping the spending of more than we are making. [Applause.]

I appeal to you gentlemen from every section of the Nation who are interested in this activity in behalf of the overburdened taxpayer. Let us stop spending more out of the Treasury than is coming into the Treasury, and we are doing this now at the rate of five or six thousand dollars a minute. The time has come to call a halt.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. McDUFFIE. In a moment I shall yield to my friend from Illinois.

I recall that during the war work of this type was practically stopped all over the Nation. Public buildings were not constructed. We were in a crisis then, but not as bad a crisis, economically, as we are in now.

I can assure you gentlemen who have river and harbor interests in your districts—and I have a great deal in mine—that if you will call up the Chief of Engineers he will tell you that no essential river and harbor project in this Nation will be neglected under the appropriation carried in this bill.

If that be true—and I believe it is true—are we not going far afield in assuming, as my friend from Illinois does—purely a matter of imagination, with all due respect to him, growing out of his enthusiasm on this particular subject—is it not going far afield to assume that 75,000 or 50,000 additional men will be put to work if we adopt this amendment?

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. WILLIAM E. HULL. I did not say that.

Mr. McDUFFIE. Then I beg the gentleman's pardon; I misunderstood him. Will the gentleman tell us how many men he does claim will be put to work?

Mr. WILLIAM E. HULL. I said that you would put that many men now at work out of a job, and you will; and you will have to go to a dole to feed them. I think it is better for the people of the country to keep these men at work than it is to turn them off and then have to feed them. You will turn off at least 50,000 men.

Mr. McDUFFIE. If the gentleman's figures are correct.

Mr. WILLIAM E. HULL. They are correct.

Mr. McDUFFIE. I prefer to take the figures of the Chief Engineer and the judgment of the Chief Engineer rather than that of my friend. The Chief Engineer is at variance with the gentleman from Illinois on the very thing that the gentleman from Illinois bottoms his plea to this House upon to violate, if you please, certainly the spirit which should prevail in the hearts and minds of the membership of this House at a time like this, not to spend money for anything that is not absolutely essential. The Chief of Engineers says that no important and essential project will suffer, even though there may be no new contracts, if we appropriate the amount carried in the bill.

[Here the gavel fell.]

Mr. LA GUARDIA. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, I first came to Congress 16 years ago. I have heard the river and harbor appeal every year since that time. When I first heard the appeal for rivers and harbors it was based on "preparedness." Then, when I came back after the war, the river and harbor appeal came to us as "memorials." I well remember a session of the House in the Sixty-sixth Congress which lasted well into the morning, with many new projects in the bill, and they were based on the fact that they were to be "memorials"—this new "harbor" and that deepening of a river all "war memorials." Later on, when we got into the period of prosperity the appeal was based on commerce and "prosperity," and now the appeal is made on the poor overused "unemployed."

Well, I submit that the gentleman from Illinois [Mr. WILLIAM E. HULL] knows a great deal more about rivers and harbors than I do, but I submit I know more about the unemployed than he does. [Laughter.] The time will come when you will have an opportunity to vote funds for the unemployed, and not very long from now, either. I would like to hear an argument for this increase of appropriations on the merits of the project. Do not blame it all, please, on the unemployed. At least have that much consideration for him.

Years ago the river and harbor bill provided for the dredging of navigable streams for which there was no merit. Why, river and harbor appropriations were a scandal. The traffic on many of the streams is yearly decreasing, while appropriations for them are increasing. Just look through the list of appropriations for rivers and harbors work.

There is not a man in this Congress who could locate 10 per cent of them without going to an atlas. That is how important these things are—lily-pond streams and mud streams in many instances. Oh, it is a great deal better than it was 15 years ago. The system has been much improved but it is still pork and it is still a logrolling proposition. The House should not add \$20,000,000 on this item and several millions of dollars on the next item for flood relief. I appeal to you not only on this paragraph but on the paragraph that follows. I assume the responsibility for saying that unemployed labor does not get a sufficient percentage of amount of this appropriation to warrant this increase. I assume full responsibility for that statement.

Mr. WILLIAM E. HULL. Mr. Chairman, will the gentleman yield for a question?

Mr. LA GUARDIA. You can not solve the unemployed situation very much by putting a steam shovel to work. You do not solve the situation by giving fat contracts to favored corporations. I yield for a question.

Mr. WILLIAM E. HULL. Every man who works on the water puts another man to work. The gentleman agrees to that, does he not?

Mr. LA GUARDIA. Oh, of course.

Mr. WILLIAM E. HULL. There is an average of \$1,500 per man.

Mr. LA GUARDIA. Not at all. Why, the gentleman started off with the proposition that it would employ 75,000 men. That is not correct.

Mr. WILLIAM E. HULL. I said 50,000.

Mr. LA GUARDIA. Well, that would be only an average earning a year of \$400 per man, about a dollar a day. It is not worth appropriating millions to keep men to work on such starvation wages.

The CHAIRMAN. The Chair will be pleased to recognize any Member of the House who desires to speak in support of the amendment and asks recognition. If none such desires, the Chair recognizes the gentleman from Arkansas [Mr. FULLER] for five minutes.

Mr. FULLER. Mr. Chairman, as a representative from a State that would receive as much as or more benefit than any other State in the Union from an amendment of this kind, I am opposed to the increase proposed. Arkansas has more navigable miles of river than any other State in the Union.

SEVERAL MEMBERS. What about Alabama?

Mr. FULLER. I may be wrong, but I am right in substance, and know I am correct by counting the Mississippi River. I have no fear of this amendment's being adopted, but I call attention to the other side of the page, where they will take the same tactics as they have taken on this, unless they are overwhelmingly defeated on this proposition. I refer to the question of flood control. There is only one State in the Nation that will receive more benefit from flood control than the State of Arkansas, and that is the State of Louisiana. But a time comes when we ought to stop. In addition to the \$19,000,000 set forth here, which is the exact amount of the Budget, there is going to be an overlapping, and there is going to be \$28,000,000 available for flood control next year. We are getting flood-control work done for 46 cents on the dollar based on the estimate of Engineer Jadwin. So we are getting some real benefit this year. We who have been receiving great benefit in the South by reason of flood control ought to be appreciative of what the Congress has done in the matter of reconstruction loans. All over this Nation we have been receiving doles. Last year we set aside \$300,000,000 in the way of doles to be loaned to cities and States to take care of the unemployed, and every man in the hearing of my voice knows that every dollar of it is a dole, and there will not be a cent of it paid back, unless it is paid back by the Government taking the money out of the right pocket and putting it back into the left pocket. It behooves all of us to realize that there is going to be a pay day some time, when we will have to settle these accounts.

Mr. WILLIAM E. HULL. Mr. Chairman, will the gentleman yield?

Mr. FULLER. For a question.

Mr. WILLIAM E. HULL. You have a lot of men working on flood control?

Mr. FULLER. Yes.

Mr. WILLIAM E. HULL. If you put those men out of work you must admit that you will have to take care of them.

Mr. FULLER. Yes.

Mr. WILLIAM E. HULL. Is it not better to keep them at work than to put them on a dole?

Mr. FULLER. We will take the money that comes from the Reconstruction Finance Corporation and we can better take care of them. The great portion of this money spent on flood control is for machines and drag lines. Very little of it goes to take care of actual labor. If it does, then it is a waste of money, because they can do it by machinery so much more cheaply, and that is also true of river and harbor work. So, after all, we are living in the land of doles, and we are giving 10 times more than England or any other nation ever thought of in taking care of its poor. Here we are seeking to balance the Budget, so that we might set an example to the people of the country. We have received a mandate to live within our income—to balance the Budget—it is good business policy. Such a cause will set an example for every State and for every city, town, and hamlet in all the States of the Union, all of which are practically bankrupt. If we do not balance our Budget, if we do not stop, what will they think? There must be a dead line somewhere. Economy must be practiced. I have voted and will continue to vote against every increase in these appropriation bills.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. MCGUGIN. Mr. Chairman, I am sorry to be obliged to disagree with my friend from Illinois [Mr. WILLIAM E. HULL]. I think his position in this matter is impossible.

I can not subscribe to the proposition that it is right for the Government to come forth and spend money dredging rivers and what not to build up competition for the railroads of this country at a time when the Government is loaning the railroads enough money to pay their interest and their taxes.

Mr. WILLIAM E. HULL. Will the gentleman yield for a question?

Mr. MCGUGIN. I yield.

Mr. WILLIAM E. HULL. Does the gentleman know that three-fourths of this money spent in the harbors helps the railroads?

Mr. MCGUGIN. I do not know of any harbors up and down the Mississippi River that help the railroads.

Mr. WILLIAM E. HULL. Three-quarters of the money goes to the harbors of this Nation, and if we do not keep them up we can not keep up the railroads.

Mr. LAGUARDIA. How much has been spent on real harbors of the country?

Mr. WILLIAM E. HULL. Two-thirds of it.

Mr. LAGUARDIA. Oh, the gentleman is in error.

Mr. WILLIAM E. HULL. That shows how little the gentleman is acquainted with the facts about the matter.

Mr. MCGUGIN. Mr. Chairman, this does not come out of my time, I hope.

Now, we have been carrying on this policy voting money out of a bankrupt Treasury to subsidize air lines, subsidize commercial busses and trucks, by letting them have virtually free the use of the public highways. Railroad transportation is guilty of many sins in keeping their freight rates too high, and so on, but that does not justify the Government following the asinine policy of subsidizing competition and at the same time loaning the railroads money with which to pay taxes and with which to pay interest. [Applause.]

I want to ask my Republican colleagues, how can we look the country in the face after we come here and increase this appropriation \$21,000,000 over the estimate of our own Budget Director and over the recommendation of our own President? I want to ask my Democratic friends

how they can look the country in the face, the country which just placed them in power, on a platform which pledged a 25 per cent reduction in public expenses, if to-day they add \$21,000,000 to this appropriation in excess of their own Appropriations Committee recommendation? This matter is untenable from the standpoint of government, from the standpoint of partisan politics, from the standpoint of sound business in view of the fact that the Government is to-day following the policy of loaning public credit to the railroads of this country to pay taxes and interest. The proposition of increasing the river and harbor appropriation \$21,000,000 will not stand up.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. MCGUGIN] has expired. All time has expired.

The question is on the amendment offered by the gentleman from Illinois [Mr. WILLIAM E. HULL].

The question was taken; and on a division (demanded by Mr. STAFFORD) there were ayes 16 and noes 104.

So the amendment was rejected.

The Clerk read as follows:

Flood control, Mississippi River and tributaries: For prosecuting work of flood control in accordance with the provisions of the flood control act, approved May 15, 1928 (U. S. C., Supp. V, title 33, sec. 702a), \$19,653,424.

Mr. WILSON. Mr. Chairman, I move to strike out the last word. I realize what the situation is in this House to-day, but I ask for this time to make a statement in relation to the flood-control work and the appropriation therefor.

The hearings before the committee after the disastrous flood of 1927 show that this great project was undertaken as an emergency proposition, not in competition with anybody, but for the protection of life and property. It could not be successfully carried on without ample appropriations. That would be more than is recommended in this bill. The chairman of the committee admits that.

In 1928, when there was authorization for \$325,000,000 to carry on emergency work for the protection of life and property, it was estimated that would be sufficient to carry out the plans for the completion of the main features of the project. Of course, we can not secure an increase in this appropriation, however meritorious the proposition may be, with this House in the mood it is to-day, regardless of the fact that if the work is not carried on as it should be for the next year a flood may come and there may be losses of hundreds of millions of dollars.

The work is being executed now at 46 per cent of the estimated cost when the act was passed. Two years ago 23½ cents per cubic yard of earth in levee construction was being paid. To-day bids are coming in at 7 cents and 10 cents per cubic yard. The work will be halted in 1934 unless there is an increase in this appropriation. Twelve thousand three hundred people are employed to-day in the construction work for flood control and protection. Less than 7 per cent of the money goes to overhead. All the remainder goes to the purchase of materials and to wages, which gives employment to American citizens. Therefore ample appropriations providing speedy prosecution to completion of this project will be in the interest of economy, maintain employment, and guarantee the protection of life and property.

Reference has been made to the appropriations for flood control for the present fiscal year:

In the War Department appropriation bill.....	\$32,000,000
In the relief bill.....	15,500,000
Total.....	47,500,000

At the present time the unallotted balance from that sum is only \$5,739,441.78, which, together with the present appropriation, will make available for the next fiscal year \$25,392,665.78.

The amount required according to the estimate of the Chief of Engineers, under whose supervision the project is being prosecuted, is \$35,000,000.

Of the original authorization, there still remains \$160,600,000. Since the work is going forward with unusual

speed and efficiency and with great saving to the Government, it is unbusinesslike to halt progress on such an emergency project by withholding funds provided by law for that purpose. [Applause.]

Mr. MONTET. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment by Mr. MONTET: On page 69, in line 12, strike out "\$19,653,424" and insert in lieu thereof "\$25,000,000."

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi [Mr. COLLINS]?

There was no objection.

Mr. MONTET. Mr. Chairman, as disclosed by the hearings on this particular item, the Army engineers recommended an appropriation of \$35,000,000. The Secretary of War cut this recommendation to \$25,000,000, and the Budget trimmed it down to the figures contained in the bill.

I wish to call the attention of the committee not only to the truth of the statements just made by the gentleman from Louisiana, who preceded me, but also to the testimony of General Pillsbury in connection with this item where he testified that an appropriation of some \$19,000,000 would not be sufficient to properly carry on the execution of this work.

The flood control act of 1928 carried an authorization of \$325,000,000. Thus far we have appropriated \$164,500,000. We are spending at an annual rate of something like \$32,500,000.

General Pillsbury testified that if we trimmed this appropriation down to the figures carried in this bill there will be a loss of money, because, quoting his testimony:

At the present time we have very full competition by contractors well equipped with plants. If there is an interruption in the work, a certain number of those contractors will have to go under and we will not have the same competition when we resume the work.

The gentleman from Arkansas [Mr. FULLER] said that there would be available the sum of \$28,000,000 for work in 1934. That is conditional, as was testified by General Pillsbury. You will find this testimony on page 96 of Part II of the hearings. General Pillsbury said that would depend upon certain claims now pending in the New Madrid and Bonnet Carre spillways, and having reference to flowage rights in those flood ways. These claims amount to some \$5,000,000 in round numbers. If these claims are paid in 1934, there will be but \$23,000,000 left for flood control. This would be quite a cut in the appropriation and would materially slow down the execution of the flood-control program.

The increase sought should not appeal to Members simply because it would provide some employment. This is not an improvement. This is a protection of a large area of this country the responsibility for which was assumed by the Nation under the flood control act of 1928.

It would not be economy, Mr. Chairman, to cut this appropriation at this time; it would be parsimony. There would not be enough funds left in this appropriation to take care of an emergency. General Pillsbury so testified. We never know when the spring rises will bring great wreckage not only into Louisiana and Arkansas, but in Mississippi and Missouri as well.

I do not believe that this is such a project that trimming the appropriation some \$13,000,000 can be called economy. You are doing it at great risk. You are really doing it in violation of an obligation this country assumed in 1928.

This increase of only \$5,500,000 may save this country hundreds and hundreds of millions of dollars in the event we have a flood next spring; and no one knows the number of lives that might be saved.

I do not believe we can afford to take the chances involved in trimming this item any more than we can afford to take a chance on trimming down our national defense. This is as much a matter of national defense as are the Army and the Navy. It protects a great portion of this country, property rights, and lives, and I certainly hope this

committee will see fit to restore in this bill the recommendations of the Secretary of War.

Mr. WHITTINGTON. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I believe it will be both economical and wise to adopt the amendment.

What is the situation respecting this amendment? We are not advocating any additional authorization from the Federal Treasury. The flood control act of 1928 provides for the expenditure of \$325,000,000 in the improvement of the lower Mississippi River. It was contemplated that there would be expended approximately \$32,500,000 annually. The item carried in this bill provides for the expenditure of \$19,653,424.

Have you forgotten what transpired six years ago? Have you forgotten that the people of the United States because of the inadequacy of flood-control works along the lower Mississippi River contributed through the American Red Cross \$18,000,000 to alleviate human suffering in the great Mississippi flood of 1927?

Do you recall that 245 people lost their lives and that property aggregating \$236,334,414.06, according to the report of the Chief of Engineers, was destroyed because of the inadequacy of the measures by Congress to protect the lower Mississippi River?

Now, what is the situation? Congress has provided for the expenditure of about \$32,000,000 annually. Shall we now as a matter of false economy reduce this annual authorization from \$32,000,000 to \$19,653,424?

There is always the possibility of a very much greater damage. The levees along the lower river can never be stronger than their weakest links. The millions of dollars previously appropriated and expended in the construction of levees may be in many places washed away if the project has not been completed at the time of another flood.

I am only asking that when most needed, and for economy, the usual appropriations be made.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield for a brief question; yes.

Mr. TABER. We provided for expenditure during the current year, \$47,500,000, which is \$15,500,000 more than the regular amount of the authorization.

Mr. WHITTINGTON. I agree that in the aid of unemployment I followed the President of the United States when he asked in the relief act of 1932 that there be allocated an additional \$15,500,000 to provide employment; but in giving that employment I did not consider that restrictions were placed upon the annual appropriation of \$32,000,000. As I have stated, it was an emergency program, and an expenditure of \$15,500,000 for the relief of unemployment.

Mr. TABER. The President did not recommend that. The committee made that appropriation.

Mr. WHITTINGTON. No; the matter was not handled by the War Department Committee handling the pending bill. It was part of his recommendation, as well as the action of Congress for the relief of unemployment during the past session; and that is not all. For the fiscal year 1933 there was appropriated \$32,000,000; and we made an emergency appropriation of about \$3,000,000 for flood control, in December, 1929, upon the recommendation of President Hoover.

Now, what will be the result? Will Congress assume responsibility for damages in the event of another flood?

The Government undertook to solve the problem of flood control along the Mississippi River as a national responsibility. After having expended \$164,500,000, when the Government engineers say that with the usual appropriations contemplated by law this project may be completed in the fiscal year 1934 or 1935, will we now endanger the \$164,500,000 that we have already expended and cause probably the loss of additional lives by our failure to comply with a statute which we have already enacted?

My colleagues will recall that the authorization in the act of 1928 was made, not as a result of the previous wisdom of Congress but as a result of the great flood of 1927.

I recall that Benjamin Franklin, in his autobiography, made a statement that has ever been true. He said: "The best public measures are seldom adopted from previous wisdom, but are forced by the occasion."

De Soto discovered and crossed the Mississippi River in 1543, and after traveling through what is now Arkansas, Oklahoma, and Louisiana, he returned to the Father of Waters to find it in a great flood. Ever since Mississippi overflows have come with tragic regularity. As in the days of Noah, the flood came in De Soto's time, as the floods come now, after rains for 40 days.

In 1928 Congress recognized that flood control of the Mississippi River was a national question and the Government assumed responsibility. The flood control act of May 15, 1928, authorized the appropriation of \$325,000,000. To date \$164,500,000 have been actually appropriated. The project was to be completed in 10 years. Annual appropriations of \$32,000,000 were provided. The Chief of Engineers estimates that if the previous appropriations are continued, the levees along the main river will be completed by the close of the fiscal year 1935.

The Chief of Engineers recommended an appropriation of \$35,000,000 for 1934, which was reduced by the War Department to \$25,000,000. The Budget recommended \$19,653,424, which amount is carried in the bill, as the committee has followed the Budget. I favor the amendment to increase the amount to \$25,000,000. I believe that in the circumstances, in an effort to promote real economy, the appropriation should be increased to at least \$25,000,000.

The Assistant Chief of Engineers, as shown by page 98 of Part II of the hearings, testified that unless the appropriation was increased, there would be a loss of money. He stated that at present there were contractors with ample equipment. A reduced appropriation would mean interruption in the work. The contractors would likely go out of business and when normal conditions are resumed, competition would not be as keen.

I favor economy. I insist that all appropriations should be reduced to the very lowest point compatible with efficiency. Flood control provides for navigation, commerce, and protects life and property. The works are chiefly enlarged and strengthened levees along the lower Mississippi River. Until completed, there is the ever-present danger of a greater destruction. In the event of a flood, the loss will be largely in excess of the appropriation. There will be damages to the incomplete work.

Both labor and material are much cheaper now than in 1928. The public interest will be promoted by continuing the normal appropriation.

I am aware that the emergency and relief act of 1932, as I have stated, carried \$15,500,000 for flood control. The Budget and the committee took this into consideration and the amount carried in the bill is the annual appropriation of approximately \$35,000,000 less the said sum of \$15,500,000.

The President recommended an emergency appropriation for flood control in December, 1929, in aid of unemployment. The President and the Congress approved an emergency appropriation of \$15,500,000 primarily in aid of unemployment in 1932. Unemployment is more general in 1933.

I favor the amendment. Economy will be practiced, unemployment will be aided, and protection to the people and property of the lower Mississippi Valley will result.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana [Mr. MONTET].

The question was taken; and on a division (demanded by Mr. MONTET) there were—ayes 18, noes 87.

So the amendment was rejected.

The Clerk read as follows:

For maintenance and operation of the Panama Canal: Salary of the governor, \$10,000; purchase, inspection, delivery, handling, and storing of materials, supplies, and equipment for issue to all departments of the Panama Canal, the Panama Railroad, other branches of the United States Government, and for authorized sales; payment in lump sums of not exceeding the amounts authorized by the injury compensation act, approved September 7, 1916 (U. S. C., title 5, sec. 793), to alien cripples who are now a

charge upon the Panama Canal by reason of injuries sustained while employed in the construction of the Panama Canal; for continuing the construction of the Madden Dam across the Chagres River at Alhajuela for the storage of water for use in the maintenance and operation of the Panama Canal, together with a hydroelectric plant, roadways, and such other work as in the judgment of the Governor of the Panama Canal may be necessary, to cost in the aggregate not to exceed \$15,500,000; in all, \$9,172,700, together with all moneys arising from the conduct of business operations authorized by the Panama Canal act, and such sums, aggregating not to exceed \$2,000,000, as may be deposited in the Treasury of the United States as dividends by the Panama Railroad Co. in excess of 10 per cent of the capital stock of such company: *Provided*, That the board of directors of the Panama Railroad Co. shall not permit the investment of any of the receipts of such company in any manner, and after June 30, 1933, shall require the deposit of all receipts in the Treasury of the United States in a special deposit account subject to the order of the proper officers of the corporation.

Mr. KNUTSON. Mr. Chairman, I make a point of order against the last proviso as being legislation on an appropriation bill and contrary to the Holman rule.

Mr. COLLINS. I should like for the gentleman to reserve his point of order.

Mr. KNUTSON. I will reserve the point of order for a moment.

Mr. COLLINS. The gentleman is making his point of order to the last proviso, reading:

Provided, That the board of directors of the Panama Railroad Co. shall not permit the investment of any of the receipts of such company in any manner, and after June 30, 1933, shall require the deposit of all receipts in the Treasury of the United States in a special deposit account subject to the order of the proper officers of the corporation.

Is that the language to which the point of order is directed?

Mr. KNUTSON. Yes.

Mr. COLLINS. The purpose of this language, I may say to the gentleman, is this: The committee found that since the 1933 bill was reported to the House the Panama Railroad Co. has invested considerable sums of money in stocks and bonds. A list of these bonds appears on pages 118 and 119 of part 2 of the hearings. Most of these bonds are the bonds of utility companies.

In going over the bonds held by this railroad company, which aggregate many millions of dollars, the committee has found that many of them have depreciated to such an extent that they are worth only about 70 cents on the dollar, with the result that the committee felt that in the future the Panama Railroad should be precluded from making purchases of this nature and that the funds of the railroad should be deposited in the Treasury of the United States in a special fund. Certainly, if this be done we will not lose anything, as has been our experience in the past. I therefore sincerely hope the gentleman will not make his point of order.

Mr. KNUTSON. Mr. Chairman, the Panama Steamship Line operates between New York and Colon. It is absolutely essential to the successful operation of the line that it have easy access to its deposits. The provision written in this bill by the committee would compel the company to deposit all its receipts in the Treasury of the United States.

Mr. COLLINS. The object of the proviso—

Mr. KNUTSON. I am in thorough sympathy with the object the gentleman has stated.

Mr. COLLINS. The funds are just as much available to the steamship company and the railroad company, under the terms of the bill, as they are at the present time. They are now deposited in New York and in Panama in special deposit accounts. This proviso does not preclude them from spending any of it. It merely makes the Government the custodian of the cash resources of the company.

Mr. KNUTSON. I am in thorough sympathy with the object the gentleman seeks to achieve, but the gentleman is going at it in the wrong way. I am sorry, but I shall have to insist on the point of order and I trust that the Senate or the conferees will amend the bill so as to prohibit the company in the future—

Mr. COLLINS. If the gentleman will permit one further statement, I do not believe this amendment would cause the

money to be removed from the banks in which it is now deposited.

Mr. KNUTSON. I would like to ask the gentleman from Mississippi what this language means: "Shall require the deposit of all receipts in the Treasury of the United States." If that means anything but the Treasury of the United States, I will withdraw my point of order.

Mr. BLANTON. That makes it safe.

Mr. COLLINS. The Treasury of the United States maintains any number of United States depositories all over the country, including Panama, I am told. Under the language of this proviso the money would be deposited in a United States depository in both New York and Panama, and would be subject to the call of the Panama Railroad Co. to the same extent that it is now.

Mr. KNUTSON. But it will not be so available. I shall have to insist on the point of order.

The CHAIRMAN. The point of order is sustained.

Mr. SHANNON. Mr. Chairman, I move to strike out the last word. I do this for the purpose of asking the chairman of the committee, the gentleman from Mississippi, if in fixing the compensation of the Governor of the Canal Zone, the committee took into consideration that he had free living quarters?

Mr. COLLINS. No; and I might say to the gentleman that the committee had nothing to do with fixing the governor's compensation.

Mr. SHANNON. Did the committee take into consideration the perquisites that he receives?

Mr. COLLINS. There are none.

Mr. SHANNON. Oh, yes; there are. They pay no taxes on their cigarettes, for one thing.

Mr. COLLINS. The only perquisite I know anything about is a personal allowance paid to him out of the revenues of the Panama Railroad Co.

Mr. SHANNON. The Governor of the Canal Zone, before our committee, in answer to an inquiry, admitted that there were violations of the tariff laws in that section. For one thing, he said that no one pays taxes on cigarettes.

In answer to a further inquiry as to tariff law violations, he said that he had purchased a golf bag for himself and another for a friend in England because he could get them cheaper than he could from an American manufacturer. I asked him how much of his salary England paid, and he said none. Then I said, "You at least ought to have patriotism enough to buy American goods." Hence, I rose to ask the gentleman if the committee gave any thought to these extra things that the governor gets.

Mr. COLLINS. I will say that I am afraid that the committee can not reach the subject matter about which the gentleman complains. I realize that there are many things in Panama that can be purchased cheaper than in the United States. It has been suggested that a certain English make of golf balls can be purchased for 55 cents that cost in the United States a dollar. I am afraid, however, that the committee is without jurisdiction in the matter.

Mr. SHANNON. But it seems that the committee might consider these things in fixing the salary of the governor.

Mr. COLLINS. This committee does not fix his salary.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. SHANNON. Yes.

Mr. CHINDBLOM. Unfortunately there are plenty of people in the United States who right now are buying foreign-made goods in preference to American goods because they get them cheaper.

Mr. SHANNON. Are they public officials?

Mr. CHINDBLOM. They are both private individuals and public officials.

Mr. SHANNON. I am after the Army, where honor is supposed to be supreme.

Mr. HERR. Do I understand that the gentleman is making a tariff speech and that there should be a tariff placed on these items?

Mr. SHANNON. I do not want American public officials taking advantage of our high tariff and buying goods with American money in that manner.

Mr. HERR. The gentleman does recognize that with the tariff off it does produce a little distress.

Mr. SHANNON. Oh, it does.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. SCHAFER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. COLLINS. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER. Yes.

Mr. COLLINS. I ask unanimous consent that all debate upon this paragraph and all amendments thereto close in five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SCHAFER. Mr. Chairman, I merely rise to express my appreciation that another Democratic leader has risen in his place on the floor of the House and advocated the Republican doctrine of "Buy American First," which is in fact a Republican tariff principle.

We know that in the last campaign the Democratic demagogues gathered hundreds of thousands of votes by denouncing the Smoot-Hawley tariff act and the Republican Party which sponsored it for causing many of the ills of America and many of the ills of the world. What do we find to-day? We find that by reason of depreciated currency in foreign countries, the products of foreign industry and labor and farms are flooding the American markets. The tariff walls of the Hawley-Smoot Act are being leveled this very moment like the walls of Jericho; and in the name of the American people, in the name of the millions of unemployed, in the name of the farmers who have surplus products on hand, I ask you Democrats to follow some of the statements that you have been making here in the press and movie-tones to buy American first, and bring to the floor of the House legislation to raise the rates of the Hawley-Smoot Act and protect American industry, American farmers, and American workers from unfair competition of cheaply produced foreign importations.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER. Yes.

Mr. CHINDBLOM. As a matter of fact, a committee of the Ways and Means Committee, appointed by the present control of the House in the Ways and Means Committee, will begin hearings on Thursday at 10 o'clock on that very subject.

Mr. SCHAFER. That is so. However, let us look at the record. The Democrats have had control of the House for two years and have had control of the Committee on Ways and Means. They held hearings on the identical legislation last May and agreed to keep it in committee. A few days after a number of Republicans requested that action be taken and the Republican conferences called, hearings were again scheduled. We can not depend on the Democratic leaders who control the House. We do not know whether they are going to be here to-day or there to-morrow. They adopt a policy as they did upon the billion-dollar sales-tax allotment bill to save the Nation, and then they heard the clarion call from their leader, the President elect, and they ran to cover in disorderly retreat. An editorial in certain of the Hearst papers indicated that this lame-duck Congress should follow the Democratic Speaker of the House and balance the Budget, and indicated that he had since the session commenced advocated the necessity for balancing the Budget. I yield now to find out from the Democratic leaders when the Speaker of the House is going to follow that principle of balancing the Budget so that we can follow him.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER. Yes.

Mr. McCORMACK. Does the gentleman know that at the last session when the Committee on Ways and Means gave a hearing on the depreciated currency bill the present administration opposed it through Mr. Mills and Mr. O'Brien, the chairman of the Tariff Commission, appearing

before that committee and protesting against the passage of the bill?

Mr. SCHAFER. The hearings do not indicate that Mr. Mills opposed it. The chairman of the Tariff Commission did. Under the Constitution, the jurisdiction with reference to tariff legislation is vested in the House of Representatives, and in the House of Representatives alone; and we should exercise our judgment. One bureaucrat's opposition should not swerve us. We should do our duty and stop taking care of these foreign countries and the nationals of foreign countries first. Of course, you Democrats denounced the Hawley-Smoot Tariff Act in the last campaign and you advocated a revision of the tariff rates downward. I now yield for any Democratic member of the Committee on Ways and Means or any Democratic Member of the House to rise and answer as to one specific rate that you would revise downward. I hear no one willing to testify.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

The Clerk read as follows:

SEC. 2. No part of any money appropriated by this act shall be used for maintaining, driving, or operating any Government-owned motor-propelled passenger-carrying vehicle assigned for the exclusive use of persons other than the Secretary of War and medical officers on out-patient medical service.

Mr. BLANTON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 75, line 1, after the word "persons," strike out the balance of the paragraph.

Mr. BLANTON. Mr. Chairman, if the language of this bill is left as it is written, without adopting my amendment, then we will be allowing a limousine to the Secretary of War, and also one to each of the medical officers when on out-patient duty. If we are going to allow a limousine to the Secretary of War, who gets \$15,000 a year, why do we not allow it to all other high officials who do the business down there? If you are going to allow a limousine to medical officers, why do you not allow it to the balance of them?

There is not a Member of Congress on this floor who would dare get up here and vote for a measure that would give us a limousine, and yet we have more running around to do than the Secretary of War. We have much more business to attend to scattered all over this city than any of the medical officers down there have, who treat their patients at a certain office in the War Department. I am forced to keep a large car here in Washington for the use and benefit of my constituents, which I bought myself and which I maintain myself at my own expense. I have to keep here another Ford car for a work car, which I bought myself and which I maintain at my own expense. In addition to that, there is hardly a day but what I use a taxicab several times during the day, in going to the different departments. It is easier than to jump in my own car, while most of us use our own cars on business every day, none of us would vote for a car for our own use. Why? Because we know the people would not stand for it. If the people will not stand for our voting ourselves a car, why will they stand for our voting a limousine to a \$15,000 a year Cabinet officer? That is unanswerable.

Mr. BLACK. He wears a high hat.

Mr. BLANTON. Oh, my friend the gentleman from New York [Mr. BLACK], who, like myself and some others, did not have any better sense than to vote against tabling the McFadden resolution, and for which vote the New York papers say he is irresponsible, is now in charge of the so-called District of Columbia beer bill, upon which he is now holding hearings, and these same papers are daily applauding him for his efforts to report and pass that bill. He is a splendid chairman for that kind of a bill, but the undependable newspapers think he is a numbskull when he votes on an impeachment resolution. The gentleman from New York mentions the high-hat limousine, specially built to hold the society silk hat of Republican Postmaster General Brown. Is there a man in this Congress who has not

heard from his constituents on that? They write to me and say, "Is it true that you as a Member of Congress have been permitting the Postmaster General, who gets \$15,000 a year, to have a Government limousine? Have you been voting for that?" I have been compelled to tell them that I could not help it. [Laughter.] I had to tell them that this body is composed of 435 Members. There must be a majority of them vote to stop these matters.

Why should you vote for this limousine for the Secretary of War, who receives a salary of \$15,000 per year? Why should you vote for Government limousines for the medical officers who treat all of their patients at one office? The patients come to their offices. What do they need a Government limousine for? When you give them a Government limousine you have to give them a chauffeur, and gas, oil, and annual upkeep at Government expense.

You who are in favor of balancing the Budget are going to be called upon directly, as soon as we get into the House after we read the next paragraph, to register by yea and nay vote whether you stand for voting for all this money to provide these polo horses for Army officers, \$87,000 additional to the amount carried in the bill, for which you will have to go on record in this time of depression. You will have to vote whether or not you will expend that additional \$550,000 that the gentleman from California [Mr. BARBOUR], with votes of Republican leaders, placed in this bill. You will have to vote on the proposition whether or not you will expend that extra \$2,500,000 that the gentleman, with votes of Republican leaders, added to this bill. How are you going to vote on these amendments? Your constituents will find out whether or not they can depend on you to save their money. This amendment to give the Secretary of War a limousine is indefensible, when he gets a salary of \$15,000 per year and millions of people are starving to death.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 51, noes 27.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 3. No part of any appropriation made by this act shall be used in any way to pay any expense in connection with the conduct, operation, or management of any post exchange, branch exchange, or subexchange within any State, Territory, or the District of Columbia, save and except for real assistance and convenience to military personnel and civilians employed or serving at military posts in supplying them with articles of ordinary use, wear, and consumption not furnished by the Government.

Mr. RICH and Mr. TABER rose.

The CHAIRMAN. For what purpose does the gentleman from New York rise?

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 75, after line 12, insert a new section, as follows:

"SEC. 4. Any sum appropriated by this act or on account of the Military Establishment or any portion of such sum that may not be needed for the purposes for which appropriated as the result of an economic survey ordered by the President shall be impounded and returned to the Treasury."

Mr. STAFFORD. Mr. Chairman, a point of order. I believe the gentleman from Pennsylvania wishes to offer an amendment to section 3. If he does, will the gentleman from New York kindly withhold his amendment?

Mr. GOSS. Mr. Chairman, I reserve a point of order.

Mr. STAFFORD. I am merely calling attention to the fact that the gentleman from Pennsylvania wishes to offer a perfecting amendment.

The CHAIRMAN. The Chair has examined the amendment offered by the gentleman from New York [Mr. TABER] and the amendment offered by the gentleman from Pennsyl-

vania [Mr. RICH]. The Chair is of the opinion that the amendment offered by the gentleman from Pennsylvania is in the nature of a perfecting amendment and is entitled to precedence over the amendment offered by the gentleman from New York. Therefore, the Clerk will report the amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Amendment offered by Mr. RICH: Page 75, line 9, strike out the words "military personnel," and in line 10 of the same page strike out the words "and civilians employed or serving at military posts" and insert in lieu thereof "enlisted men and their families and troops."

Mr. RICH. The wording of this amendment is the same as the wording carried in the Army appropriation bill passed by the last session of Congress.

With the thought expressed as it is in the amendment it is to the effect that we want the enlisted men, their families, and troops serving at Army posts to receive the benefits of the post-exchange stores.

We are opposed to the wording expressed in this bill because of the fact that it takes in civilian employees. We all remember the abuses that have taken place in the past year or two at these post-exchange stores wherein various Government officials extended the privilege of these institutions to those who are not entitled to them. Now you are trying to open up the door again and give the civilian employees and their friends an opportunity to come and accept the privileges of these post-exchange stores to the detriment of the people in business in this country. I think it is high time that the Army in submitting bills of this kind did not try to open up the doors. We have closed them to a certain extent by an order from the Secretary of War, yet you here as Congressmen recommend that they go into general merchandising again. We are not against the Army in its offering merchandising facilities to officers and enlisted men of the Army, but you are trying to give everybody an opportunity to buy at post exchanges, which is contrary to good business.

Mr. BARBOUR. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield.

Mr. BARBOUR. This would preclude an officer, as well as a civilian employee, from having the right to patronize a post exchange. Is not this true?

Mr. RICH. Then let me substitute the words "officers, their families, and troops."

Mr. SHANNON. It is the law just as it is now. That is what he is asking for; that is what they are operating under now. The Army never surrenders. It always gets back what is taken away from it. That is the law at this moment.

Mr. RICH. Mr. Chairman, I ask unanimous consent to modify my amendment by inserting the word "officers" previous to the word "enlisted."

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The Clerk will report the amendment, as amended, at the suggestion of the gentleman from Pennsylvania.

The Clerk read as follows:

Amendment offered by Mr. RICH, as modified: Page 75, line 9, strike out the words "military personnel," and in line 10 of the same page, strike out the words "and civilians employed or serving at military posts," and insert in lieu thereof "officers, enlisted men and their families, and troops."

Mr. BARBOUR. What possible objection could there be to allowing a civilian employee at some Army post miles from a town or city to purchase the necessities of life, as a matter of convenience, from the Army post exchange? What could be the objection to that?

Mr. RICH. I think it is an opening of the door; we are opening the door to the Government engaging in business, and I think it is the wrong thing to do.

Mr. BARBOUR. Then, as I said to the gentleman the other day, if the Shannon committee will bring in its report, so that we will know what we are doing, we can legislate intelligently on this matter. There is no reason on earth why that committee should not make its report. It was appointed during the last session of the Congress.

Mr. RICH. Every time we come in here and make a suggestion there is always objection to it.

Mr. BARBOUR. Why does not your committee make its report?

Mr. RICH. This is something that can be handled right now, and I think it is time we take it up, and I shall ask for a vote on it.

Mr. BARBOUR. I am opposed to doing this on an appropriation bill. It is not the proper way to legislate in regard to a matter of this kind.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. McGUGIN. Mr. Chairman, I offer a substitute amendment to the amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Substitute amendment offered by Mr. McGUGIN to the amendment offered by Mr. RICH: Page 75, line 10, strike out the words "and civilians employed or."

Mr. McGUGIN. Mr. Chairman, I am trying to reach the same object that the gentleman from Pennsylvania has in mind, and without materially changing the phraseology of the bill all we need to do is to strike out these four words "and civilians employed or." This leaves it so that all military personnel can purchase at these post exchanges, but the civilians can not. Let us see what is fair and right about this thing. Civilian employees working at an Army post, in many instances drawing the regular scale or the regular standard of pay in carpenter work or what not—what right have they to expect to buy things from the Government, in some instances tax free, and cheaper than their fellow workmen can buy them on the outside? The next thing to be considered is that it is not right for the Government to set up an institution to sell to people who are civilian employees and at the same time tax private business of this country to help maintain the Army and the Government institutions.

Mr. PATTERSON. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. PATTERSON. Does the gentleman realize that some of these civilians are working at Army posts where it may be 10 miles to a place where they can buy anything?

Mr. McGUGIN. I apprehend there are farmers in communities in the gentleman's district that are 10 miles away from a trading place.

Mr. HOUSTON of Hawaii. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. HOUSTON of Hawaii. Are not some of these civilian employees actually living at these Army posts?

Mr. McGUGIN. Even so, it is not right that the taxpayers of this country should help maintain an institution to sell them merchandise, tax free and without profit, at the very time we are taxing merchants and all other private business in this country to help maintain the Government.

So far as I am personally concerned, I have no interest in this matter in so far as my district is concerned. There is no Army post in my district, there is no constituent of mine who is going to be able to buy anything any cheaper at one of these Army posts, and there is no merchant in my district who is going to suffer by this unfair competition. It is just a question of what is fair and right. There are some Army posts in the State from which I come, and a part of this practice ends up in nothing less than bootlegging of the merchandise of these stores out among the civilian population, which is unfair competition with legitimate business.

With this amendment we have gone farther than we have heretofore gone. Heretofore we have not extended these privileges to the officer personnel of the Army, but only to the enlisted personnel. My amendment leaves it applicable to officers and enlisted personnel but not to civilian em-

ployees whose salary is not the salary of an ordinary enlisted man in the Army, but is at the usual and regular wage standard. This proposal is not right as between the men working there as civilians and other civilian labor throughout the country. It is not right from the standpoint of fair competition with honest, legitimate, independent retail business of this country, and I appeal to the House to strike out the words "and civilians employed or," and this will leave the matter so that it only applies to the military personnel, officers and enlisted men alike.

[Here the gavel fell.]

Mr. SHANNON. Mr. Chairman, I move to strike out the last word.

The purpose of either amendment would be to leave the law just as it is.

It is very hard for a citizen back home who is struggling to make a living to be heard by this body. In the short hearings before the committees and the five minutes given here it is difficult to present his case. A fighting man from Lawton, Okla., came here and tried to get a hearing in this House and did not get it; but he went over to the other body, and Senator THOMAS wrote into existing law the words that have brought about this discussion.

I wish you could read the testimony given at our hearings and see the number of merchants that were driven out of business because they could not compete with the post exchanges. If you pass this act as it comes from the committee, you will reinstate the abuse that was eradicated last year.

Mr. LANKFORD of Virginia. Will the gentleman yield?

Mr. SHANNON. I will.

Mr. LANKFORD of Virginia. This act provides that no appropriation shall be used to pay any expense in connection with the conduct of any post exchange or branch exchange—

Mr. SHANNON. Let me say that at Fort Leavenworth there were 43 clerks employed at the post exchange, and 440 civilians residing in the city of Leavenworth were permitted to trade at the post exchange. Practically the same conditions existed also at Fort Riley and at Fort Sill. What the private merchants want is that these civilian employees of the Government shall be made to buy their goods in trade as do other citizens.

Mr. LANKFORD of Virginia. I am in sympathy with the gentleman's position. I would like to ask the gentleman what becomes of the money?

Mr. SHANNON. Nobody knows what becomes of the money. Money is elusive. At Fort Sill the post exchange was said to do nearly a million-dollar business annually, at Fort Riley a similar amount, and at Fort Leavenworth approximately \$800,000.

You are asked to do something that is unfair and unjust to the citizens scattered around over the United States. There are in the neighborhood of 191 post exchanges, including branch and subexchanges, operating on Army reservations in the United States.

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from Kansas as a substitute for the amendment of the gentleman from Pennsylvania.

The question was taken, and the substitute was rejected.

The CHAIRMAN. The question now is on the amendment of the gentleman from Pennsylvania [Mr. RICH].

The question was taken; and on a division (demanded by Mr. SHANNON) there were 48 ayes and 89 noes.

So the amendment was rejected.

Mr. TABER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 75, after line 12, insert a new section, as follows:
"Sec. 4. Any sums appropriated in this act for or on account of the Military Establishment or any portion of such sum that may not be needed for the purpose for which appropriated as a result of an economic survey ordered by the President shall be impounded and returned to the Treasury."

Mr. McCORMACK. Mr. Chairman, I reserve a point of order to that amendment.

Mr. BLANTON. Mr. Chairman, I demand the regular order.

Mr. McCORMACK. Mr. Chairman, the point of order is to the language which refers to an economic survey. It is legislation on an appropriation bill.

Mr. COLLINS. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. DRIVER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 14199, the War Department appropriation bill, fiscal year 1934, and had come to no resolution thereon.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 14199, the War Department appropriation bill, fiscal year 1934.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 14199, with Mr. DRIVER in the chair.

Mr. COLLINS. Mr. Chairman, will the gentleman from Massachusetts withhold his point of order for a moment?

Mr. McCORMACK. Mr. Chairman, I reserve the point of order.

Mr. COLLINS. Mr. Chairman, I have looked over this amendment of the gentleman from New York [Mr. TABER]. It is the same amendment that has been carried for years in the bill, and, as I understand, it merely gives to the incoming President the same powers to effectuate economies that have been granted to the present President.

Mr. TABER. That is the situation exactly.

Mr. COLLINS. Personally, I think the President ought to be permitted to effectuate economies if they can be effectuated.

Mr. TABER. Mr. Chairman, it seems to me that the Democratic President coming in on the 4th of March ought to have an opportunity to show whether he can make some economies and save some money.

Mr. GOSS. There would be no objection to that, but you impound the money into the Treasury so that the War Department can not transfer it from one item to another if they find one short. That is the basis upon which I shall make the point of order if the gentleman from Massachusetts does not insist upon the point of order.

Mr. McCORMACK. Mr. Chairman, I have had an opportunity to examine the amendment. My point of order was based upon the Clerk's reading, and on the theory that this related to a past economic survey. In view of my examination of the proposed amendment I withdraw the point of order.

Mr. GOSS. Mr. Chairman, I make the point of order that it is not germane to the bill and is also legislation on an appropriation bill. I will say to the Chair that on page 7 the House adopted a proviso that no appropriation contained in this act shall be increased by transfer from another appropriation in consequence of section 317 of Part II of the legislative appropriation act, fiscal year, 1933, and so forth, for the purpose of making a larger amount available for or on account of personal services or for increasing the limitation on any appropriation. The House has already passed on that. I do not think the amendment is germane to the bill. Next, I think it is legislation on an appropriation bill unauthorized by law.

Mr. TABER. Mr. Chairman, this is a provision which upon its face permits a saving of money, and is in order under the Holman rule. It provides that any sums appro-

printed can be saved provided the President shall order a survey and find that the moneys are not needed. It is clearly in order under the Holman rule, which permits a saving of money where it can be saved.

Mr. GOSS. Mr. Chairman, on the matter of the Holman rule I quote Cannon, on page 44:

In construing the Holman rule, the Chair may not speculate or surmise as to whether a particular provision might or might not operate to retrench expenditures.

That is in volume 7, section 8606. There are many other citations, such as volume 7, section 8591. This does not retrench because it does not show specifically any definite amount that may be saved.

Mr. LA GUARDIA. Surely a provision providing for the impounding of money which otherwise might be expended is a saving.

Mr. GOSS. I cite other authorities, volume 4, section 3885, and section 3888, where it is held that it must affirmatively appear upon the face of the bill that the proposition if enacted will retrench expenditures.

The CHAIRMAN. This amendment in no way pertains to the Holman rule. It is only the question of the return of an unexpended balance to the Treasury. As such, the Chair thinks it is clearly within the rules, and overrules the point of order.

The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. COLLINS. Mr. Chairman, I move that the committee do now rise and report the bill to the House with the amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. DRIVER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 14199, the War Department appropriation bill, fiscal year 1934, and had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. COLLINS. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. COLLINS. Mr. Speaker, I demand a separate vote on the amendment offered by the gentleman from Kentucky [Mr. CHAPMAN], on page 23, lines 19 to 24, both inclusive, relative to horses, draft and pack animals, adding \$82,500 to the bill.

Also a separate vote on the amendment offered by the gentleman from California [Mr. BARBOUR], on page 50, line 19, increasing the appropriation for the Organized Reserves by \$532,189, from \$5,822,159.

Also a separate vote on the amendment offered by the gentleman from California [Mr. BARBOUR], on page 56, after line 13, inserting an appropriation of \$2,500,000 for the citizens' military training camps.

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. BARBOUR. Mr. Speaker, I ask for a separate vote on the amendment offered by the gentleman from New York [Mr. TABER], which provided for the elimination of constructive service in figuring officers' pay.

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. SCHAFER. Mr. Speaker, I demand a separate vote on the Blanton limousine amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The other amendments were agreed to.

The SPEAKER. The Clerk will report the first amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. CHAPMAN: Page 23, line 20, after the word "animals," in line 19, strike out lines 20 to 24, inclusive, and insert in lieu thereof the following: "For the purchase of draft and pack animals and horses within limits as to age, sex, and size to be prescribed by the Secretary of War, for remounts, for officers entitled to public mounts, for the United States Military Academy, and for such other organizations and parts of the military service as may be required to be mounted, and for all expenses incident to such purchases, including \$118,827 for encouragement of the breeding of riding horses suitable for the Army, in cooperation with the Bureau of Animal Industry, Department of Agriculture, including the purchase of animals for breeding purposes, and their maintenance, \$201,327."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was rejected.

The SPEAKER. The Clerk will report the next amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. BARBOUR: On page 50, line 19, strike out \$5,822,159 and insert in lieu thereof "\$6,354,348."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. BARBOUR) there were yeas 127 and noes 134.

Mr. BARBOUR. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 207, nays 156, not voting 63, as follows:

[Roll No. 149]

YEAS—207

Adkins	De Priest	Kelly, Ill.	Pratt, Ruth
Aldrich	DeRouen	Kelly, Pa.	Purnell
Allen	Dickstein	Kemp	Ramspeck
Andresen	Douglass, Mass.	Ketcham	Ransley
Andrew, Mass.	Dowell	Kinzer	Reed, N. Y.
Andrews, N. Y.	Doxey	Kleberg	Reilly
Arentz	Drewry	Kniffin	Rich
Bacharach	Dyer	Kopp	Robinson
Bachmann	Eaton, Colo.	Kurtz	Rogers, Mass.
Bacon	Eaton, N. J.	Kvale	Rogers, N. H.
Baldrige	Ellzey	Lamneck	Sanders, N. Y.
Barbour	Englebright	Lankford, Va.	Schafer
Beedy	Erk	Larrabee	Schuetz
Biddle	Estep	Lea	Seger
Black	Evans, Calif.	Leavitt	Selberling
Bloom	Fiesinger	Leibach	Shott
Boehne	Finley	Lichtenwalner	Shreve
Bohn	Fish	Lindsay	Smith, Idaho
Bolleau	Fitzpatrick	Loneragan	Snell
Boland	Foss	Luce	Snow
Bolton	Free	Ludlow	Somers, N. Y.
Briggs	Garber	McClintock, Ohio	Spence
Britten	Gasque	McCormack	Stalker
Brumm	Gavagan	McFadden	Stokes
Brunner	Gifford	McLeod	Strong, Pa.
Cable	Goss	McMillan	Stull
Campbell, Iowa	Granfield	McSwain	Sutphin
Campbell, Pa.	Greenwood	Maas	Swanson
Carley	Griswold	Magrady	Swick
Celler	Hadley	Maloney	Swing
Chapman	Haines	Martin, Mass.	Temple
Chase	Hall, Ill.	Martin, Ore.	Tierney
Chavez	Hall, N. Dak.	May	Timberlake
Chindblom	Hancock, N. Y.	Michener	Tinkham
Chiperfield	Hardy	Millard	Treadway
Christopherson	Harlan	Mobley	Turpin
Clancy	Hartley	Montet	Wason
Cochran, Pa.	Haugen	Murphy	Weeks
Cole, Md.	Hawley	Nelson, Me.	Welch
Collier	Hess	Niedringhaus	White
Colton	Hogg, Ind.	Norton, N. J.	Whitley
Connery	Hogg, W. Va.	Oliver, N. Y.	Wigglesworth
Connolly	Hollister	Overton	Willson
Cooper, Ohio	Hooper	Parker, N. Y.	Wingo
Crall	Horr	Parsons	Withrow
Crowther	Houston, Del.	Partridge	Wolcott
Cullen	Hull, William E.	Peavey	Wolfenden
Curry	Jeffers	Persson	Wolverton
Darrow	Jenkins	Pettengill	Woodruff
Davenport	Johnson, S. Dak.	Pittenger	Wyant
Davis, Pa.	Kahn	Prall	Yates
Delaney	Keller	Pratt, Harcourt J.	

NAYS—156

Amile	Browning	Cannon	Collins
Arnold	Buchanan	Carden	Condon
Ayres	Bulwinkle	Cartwright	Cooper, Tenn.
Bankhead	Burch	Castellow	Cox
Barton	Burtness	Christgau	Cross
Blanton	Busby	Clague	Crosser
Bowman	Byrns	Cochran, Mo.	Crowe
Brand, Ohio	Canfield	Cole, Iowa	Davis, Tenn.

Dickinson	Hoch	Mapes	Shannon
Dies	Holaday	Mead	Sinclair
Disney	Hope	Miller	Smith, Va.
Dominick	Howard	Milligan	Smith, W. Va.
Doughton	Huddleston	Mitchell	Sparks
Drane	Hull, Morton D.	Montague	Stafford
Driver	Jacobsen	Moore, Ky.	Steagall
Eslick	Johnson, Mo.	Moore, Ohio	Stevenson
Evans, Mont.	Johnson, Okla.	Morehead	Strong, Kans.
Fernandez	Johnson, Tex.	Nelson, Mo.	Summers, Wash.
Fishburne	Jones	Nelson, Wis.	Sumners, Tex.
Flannagan	Kading	Nolan	Swank
Flood	Kennedy, Md.	Norton, Nebr.	Taber
Frear	Kennedy, N. Y.	O'Connor	Taber
French	Kerr	Oliver, Ala.	Taylor, Colo.
Fuller	Knutson	Palmisano	Taylor, Tenn.
Fulmer	Kunz	Parker, Ga.	Thatcher
Gambrill	LaGuardia	Parks	Thomason
Gibson	Lambertson	Patman	Thurston
Gilbert	Lambeth	Patterson	Underhill
Gilchrist	Lanham	Polk	Vinson, Ga.
Gillen	Lewis	Ragon	Warren
Glover	Lovette	Rainey	Watson
Goldsborough	Lozier	Ramseyer	West
Gregory	McClintic, Okla.	Rankin	Whittington
Griffin	McDuffie	Rayburn	Williams, Mo.
Guyer	McGugin	Sabath	Williamson
Hare	McKeown	Sanders, Tex.	Wood, Ga.
Hart	McReynolds	Sandlin	Woodrum
Hastings	Major	Schneider	Wright
Hill, Wash.	Mansfield	Shallenberger	Yon

NOT VOTING—63

Abernethy	Clarke, N. Y.	Hill, Ala.	Reid, Ill.
Allgood	Cooke	Holmes	Romjue
Almon	Corning	Hopkins	Rudd
Auf der Heide	Coyle	Hornor	Selvig
Beam	Crump	Igoe	Simmons
Beck	Culkin	James	Sirovich
Bland	Dieterich	Johnson, Ill.	Stewart
Boylan	Douglas, Ariz.	Johnson, Wash.	Sullivan, N. Y.
Brand, Ga.	Doutrich	Lankford, Ga.	Sullivan, Pa.
Buckbee	Freeman	Larsen	Sweeney
Burdick	Fulbright	Loofbourow	Underwood
Carter, Calif.	Golder	Manlove	Vinson, Ky.
Carter, Wyo.	Goodwin	Mouser	Weaver
Cary	Green	Owen	Williams, Tex.
Cavichia	Hall, Miss.	Perkins	Wood, Ind.
Clark, N. C.	Hancock, N. C.	Pou	

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Coyle (for) with Mr. Douglas of Arizona (against).
Mr. Buckbee (for) with Mr. Johnson of Illinois (against).

Until further notice:

Mr. Allgood with Mr. Perkins.
Mr. Cary with Mr. Reid of Illinois.
Mr. Pou with Mr. Doutrich.
Mr. Almon with Mr. Goodwin.
Mr. Green with Mr. Burdick.
Mr. Underwood with Mr. Johnson of Washington.
Mr. Bland with Mr. Manlove.
Mr. Vinson of Kentucky with Mr. Carter of California.
Mr. Weaver with Mr. Selvig.
Mr. Brand of Georgia with Mr. Hopkins.
Mr. Abernethy with Mr. James.
Mr. Romjue with Mr. Wood of Indiana.
Mr. Hancock of North Carolina with Mr. Sullivan of Pennsylvania.
Mr. Clark of North Carolina with Mr. Loofbourow.
Mr. Sweeney with Mr. Cavichia.
Mr. Crump with Mr. Clarke of New York.
Mr. Hill of Alabama with Mr. Dieterich.

Mr. DARROW. Mr. Speaker, my colleague, Mr. BECK, is unavoidably absent. If present, he would vote "aye."

Mr. MARTIN of Massachusetts. Mr. Speaker, my colleague, Mr. HOLMES, is unavoidably absent. If present, he would vote "aye."

Mr. McDUFFIE. Mr. Speaker, I send to the desk a list of Members on both sides who have announced that if present they would vote "aye."

The Clerk read as follows:

The following Members, if present, would vote "aye": Mr. CORNING, Mr. RUDD, Mr. SULLIVAN of New York, Mr. CARTER of Wyoming, Mr. MOUSER, Mr. BECK, Mr. CULKIN, Mr. BOYLAN, Mr. STEWART, Mr. COOKE, Mr. HOLMES, Mr. SIROVICH, Mr. BEAM, Mr. IGOE, Mr. AUF DER HEIDE, Mr. CARTER of California, Mr. GOLDER, and Mr. FREEMAN.

The result of the vote was announced as above recorded.

The Clerk read as follows:

Page 56, after line 13, insert a new paragraph, as follows:

"CITIZENS' MILITARY TRAINING CAMPS"

"For furnishing, at the expense of the United States, to warrant officers, enlisted men, and civilians attending training camps maintained under the provisions of section 47d of the national defense act of June 3, 1916, as amended (U. S. C., title 10, sec. 442), uniforms, including altering, fitting, washing, and cleaning

when necessary, subsistence, or subsistence allowances, and transportation, or transportation allowances, as prescribed in said section 47d, as amended; for such expenditures as are authorized by said section 47d as may be necessary for the establishment and maintenance of said camps, including recruiting and advertising therefor, and the cost of maintenance, repair, and operation of passenger-carrying vehicles; for expenses incident to the use, including upkeep and depreciation costs, of supplies, equipment, and matériel furnished in accordance with law from stocks under the control of the War Department; for gymnasium and athletic supplies (not exceeding \$20,000); for mileage, reimbursement of traveling expenses, or allowance in lieu thereof as authorized by law, for officers of the Regular Army and Organized Reserves traveling on duty in connection with citizens' military training camps; for purchase of training manuals, including Government publications and blank forms; for medical and hospital treatment, subsistence, and transportation, in case of injury in line of duty, of members of the citizens' military training camps and for transportation and burial of remains of any such members who die while undergoing training or hospital treatment, as provided in the act of April 26, 1928 (U. S. C., Supp. V, title 10, secs. 454, 455); in all, \$2,500,000: *Provided*, That the funds herein appropriated shall not be used for the training of any person in the first year or lowest course who shall have reached his twenty-fourth birthday before the date of enrollment: *Provided further*, That none of the funds appropriated elsewhere in this act except for printing and binding and for pay and allowances of officers and enlisted men of the Regular Army shall be used for expenses in connection with citizens' military training camps: *Provided further*, That uniforms and other equipment or matériel furnished in accordance with law for use at citizens' military training camps shall be furnished from surplus or reserve stocks of the War Department without payment from this appropriation, except for actual expense incurred in the manufacture or issue: *Provided further*, That in no case shall the amount paid from this appropriation for uniforms, equipment, or matériel furnished in accordance with law for use at citizens' military training camps from stocks under control of the War Department be in excess of the price current at the time the issue is made."

The SPEAKER. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. BARBOUR) there were—ayes 189, noes 149.

Mr. COLLINS. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 202, nays 158, not voting 66, as follows:

[Roll No. 150]

YEAS—202

Adkins	Douglass, Mass.	Kinzer	Rogers, Mass.
Allen	Dowell	Kleberg	Rogers, N. H.
Andresen	Dyer	Kopp	Sanders, N. Y.
Andrews, N. Y.	Eaton, Colo.	Kurtz	Sanders, Tex.
Arentz	Eaton, N. J.	Lamneck	Schafer
Bacharach	Englebright	Lankford, Va.	Schuetz
Bachmann	Erk	Larrabee	Seeger
Bacon	Estep	Leavitt	Serberling
Barbour	Evans, Calif.	Leibach	Shott
Beedy	Fiesinger	Lindsay	Shreve
Biddle	Finley	Loneragan	Smith, Idaho
Black	Fish	Lovette	Smith, Va.
Bloom	Fitzpatrick	Luce	Smith, W. Va.
Boehne	Flood	Ludlow	Snell
Bohn	Foss	McClintock, Ohio	Snow
Boileau	Free	McCormack	Somers, N. Y.
Boland	Garber	McFadden	Spence
Bolton	Gasque	McLeod	Stalker
Britten	Gibson	Maas	Stokes
Brumm	Gifford	Magrady	Strong, Pa.
Brunner	Goss	Maloney	Stull
Cable	Granfield	Martin, Mass.	Sutphin
Campbell, Iowa	Greenwood	Martin, Oreg.	Swanson
Campbell, Pa.	Griffin	May	Swick
Canfield	Griswold	Mead	Swing
Carley	Guyer	Michener	Taylor, Tenn.
Carter, Calif.	Hadley	Millard	Temple
Cary	Hall, Ill.	Murphy	Thatcher
Celler	Hall, N. Dak.	Nelson, Me.	Tierney
Chapman	Hancock, N. Y.	Niedringhaus	Timberlake
Chavez	Hardy	Norton, N. J.	Tinkham
Chindblom	Harlan	Oliver, N. Y.	Treadway
Chipherfield	Hartley	Overton	Turpin
Christopherson	Haugen	Parker, N. Y.	Underhill
Clancy	Hawley	Parsons	Wason
Cochran, Pa.	Hess	Partridge	Watson
Cole, Md.	Hogg, Ind.	Patterson	Weeks
Colton	Hogg, W. Va.	Peavey	Welch
Condon	Hollister	Person	Whitley
Connery	Hooper	Pettengill	Wigglesworth
Connolly	Horr	Pittenger	Williamson
Cral	Hull, William E.	Prall	Wilson
Crowther	Jeffers	Pratt, Mrs.	Wingo
Cullen	Jenkins	Purnell	Withrow
Curry	Johnson, S. Dak.	Ramseyer	Wolcott
Darrow	Kahn	Ramspeck	Wolfenden
Davenport	Keller	Ransley	Wolverton
Davis, Pa.	Kelly, Ill.	Reed, N. Y.	Wyant
Delaney	Kelly, Pa.	Relly	Yates
De Priest	Kemp	Rich	
Dickstein	Ketcham	Robinson	

NAYS—158

Aldrich	Drane	Kerr	Parks
Amie	Drewry	Kniffin	Patman
Andrew, Mass.	Driver	Knutson	Polk
Arnold	Ellzey	Kunz	Pratt
Ayres	Eslick	Kvale	Ragon
Bankhead	Evans, Mont.	LaGuardia	Rainey
Barton	Fernandez	Lambertson	Rankin
Blanton	Fishburne	Lambeth	Rayburn
Bowman	Flannagan	Lanham	Sabath
Brand, Ohio	Frear	Lankford, Ga.	Sandlin
Briggs	French	Lea	Schneider
Browning	Fuller	Lewis	Shallenberger
Buchanan	Fulmer	Lichtenwalner	Shannon
Bulwinkle	Gambrill	Lozier	Sinclair
Burch	Gavagan	McClintic, Okla.	Sparks
Burness	Gilbert	McDuffie	Stafford
Busby	Gilchrist	McGugin	Steagall
Byrns	Gillen	McKeown	Stevenson
Cannon	Glover	McReynolds	Strong, Kans.
Carden	Goldsborough	McSwain	Summers, Wash.
Cartwright	Gregory	Major	Sumners, Tex.
Castellow	Haines	Mansfield	Swank
Christgau	Hare	Mapes	Taber
Clague	Hart	Miller	Tarver
Cochran, Mo.	Hastings	Milligan	Taylor, Colo.
Cole, Iowa	Hill, Wash.	Mitchell	Thomason
Collins	Hoch	Mobley	Thurston
Cooper, Ohio	Holaday	Montague	Vinson, Ga.
Cooper, Tenn.	Hope	Montet	Warren
Cox	Howard	Moore, Ky.	West
Cross	Huddleston	Moore, Ohio	White
Crosser	Hull, Morton D.	Morehead	Whittington
Crowe	Jacobsen	Nelson, Mo.	Williams, Mo.
Davis, Tenn.	Johnson, Mo.	Nelson, Wis.	Wood, Ga.
DeRouen	Johnson, Okla.	Nolan	Woodruff
Dickinson	Johnson, Tex.	Norton, Nebr.	Woodrum
Dies	Jones	O'Connor	Wright
Dominick	Kading	Oliver, Ala.	Yon
Doughton	Kennedy, Md.	Palmisano	
Doxey	Kennedy, N. Y.	Parker, Ga.	

NOT VOTING—66

Abernethy	Collier	Hill, Ala.	Reid, Ill.
Allgood	Cooke	Holmes	Romjue
Almon	Corning	Hopkins	Rudd
Auf der Heide	Coyle	Hornor	Selvig
Baldrige	Crump	Houston, Del.	Simmons
Beam	Culkin	Igoe	Sirovich
Beck	Dieterich	James	Stewart
Bland	Disney	Johnson, Ill.	Sullivan, N. Y.
Boylan	Douglas, Ariz.	Johnson, Wash.	Sullivan, Pa.
Brand, Ga.	Doutrich	Larsen	Sweeney
Buckbee	Freeman	Loofbourow	Underwood
Burdick	Fulbright	McMillan	Vinson, Ky.
Carter, Wyo.	Golder	Manlove	Weaver
Caviechia	Goodwin	Mouser	Williams, Tex.
Chase	Green	Owen	Wood, Ind.
Clark, N. C.	Hall, Miss.	Perkins	
Clarke, N. Y.	Hancock, N. C.	Pou	

So the amendment was agreed to.

The Clerk announced the following additional pairs:

On this vote:

Mr. Coyle (for) with Mr. Douglas of Arizona (against).
Mr. Buckbee (for) with Mr. Johnson of Illinois (against).

Until further notice:

Mr. Vinson of Kentucky with Mr. Baldrige.
Mr. Collier with Mr. Chase.
Mr. Hancock of North Carolina with Mr. Houston of Delaware.
Mr. Hill of Alabama with Mr. Strong of Pennsylvania.
Mr. Disney with Mr. Reid of Illinois.

Mr. McDUFFIE. Mr. Speaker, the following gentlemen, if present, would vote "yea": Messrs. CORNING, RUDD, SULLIVAN of New York, McMILLAN, BEAM, SIROVICH, BOYLAN, AUF DER HEIDE, IGOE, and STEWART.

Mr. BACHMANN. Mr. Speaker, the following Members, if present, would have voted "yea": Messrs. CARTER of Wyoming, MOUSER, CULKIN, COOKE, FREEMAN, GOLDER, BECK, and HOLMES.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

On page 58, after line 14, insert "None of the funds appropriated in this act shall be used for the purpose of paying any commissioned officer, active or retired, for his salary in computing which any service has been counted other than active commissioned service under a Federal appointment and commissioned service in any of the military or naval forces of the United States, including the National Guard or the organized militia, while in the service of the Government of the United States."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 161, noes 81.

So the amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

On page 75, line 1, after the word "persons," strike out the balance of the paragraph.

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 10, noes 109.

Mr. BLANTON. Mr. Speaker, I ask for the yeas and nays to determine whether a limousine shall be furnished to the Secretary of War or not.

The yeas and nays were refused.

So the amendment was rejected.

The bill was ordered to be engrossed, read a third time, and was read the third time.

Mr. McCLINTIC of Oklahoma. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. McCLINTIC of Oklahoma. I am.

The SPEAKER. Is any member of the committee opposed to the bill? If not, the gentleman from Oklahoma is recognized. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. McCLINTIC of Oklahoma moves to recommit the bill to the Appropriations Committee with instructions to report back forthwith with the following amendment:

On page 11, at the end of line 11: "Provided further, That after June 30, 1933, the pay of officers and warrant officers in the Regular Army on the active list shall be at such rates as are now or hereafter may be authorized by law less such an amount as will equal the percentage rate withheld or deducted from the pay of civil employees of the Government in consequence of the provisions of the civil service retirement act approved July 3, 1926, as amended."

The SPEAKER. The question is on the motion to recommit the bill.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the bill was passed.

On motion of Mr. COLLINS, a motion to reconsider the vote by which the bill was passed was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill S. 5160, entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes."

VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—THE FIRST DEFICIENCY BILL (H. DOC. NO. 529)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith without signature H. R. 13975, an act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes.

I disapprove of the bill with great regret, as the appropriations provided for relief and other purposes are urgently needed, and with the hope that the Congress may early amend the act.

Attached hereto is the opinion of the Attorney General, who has most carefully reviewed the subject.

The difficulty lies not alone in the unconstitutionality of the provisions for legislative determination of individual tax refunds, but the further fact that in the opinion of the Attorney General those provisions invalidate these appropriations themselves.

I recognize that refunds of taxes overpaid present a subject of constant discussion and that there is a natural desire

for assurance that such refunds are correctly made. Such an assurance would, I am sure, be a relief to administrative officers having to deal with this difficult subject. I would suggest, however, that if the Congress deems the system provided by existing laws should be reinforced, it should be accomplished through the creation of additional auditing machinery, and not by Congress undertaking executive and administrative functions.

HERBERT HOOVER.

THE WHITE HOUSE, January 24, 1933.

DEPARTMENT OF JUSTICE,
Washington, D. C., January 24, 1933.

SIR: I have your letter of January 23, relating to the urgent deficiency bill, H. R. 13975, recently passed by both Houses of Congress and submitted for your approval.

You call particular attention to the paragraph appropriating a lump sum for refunding taxes illegally or erroneously collected, and ask for my comment upon it. It is as follows:

"BUREAU OF INTERNAL REVENUE

"Refunding taxes illegally or erroneously collected: For refunding taxes illegally or erroneously collected, as provided by law, including the payment of claims for the fiscal year 1933 and prior years, \$28,000,000: *Provided*, That a report shall be made to Congress by internal-revenue districts and alphabetically arranged of all disbursements hereunder in excess of \$500 as required by section 3 of the act of May 29, 1928 (U. S. C., Supp. V, title 26, sec. 149), including the names of all persons and corporations to whom such payments are made, together with the amount paid to each: *Provided*, That no refund or credit of any income or profits, estate, or gift tax in excess of \$20,000 shall be made after the enactment of this act until a report thereof giving the name of the individual, trust, estate, partnership, company, or corporation to whom the refund or credit is to be made, the amount of such refund or credit, and the facts in connection therewith are submitted by the Commissioner of Internal Revenue to the Joint Committee on Internal Revenue Taxation and action thereon taken by said committee. The said committee or its duly authorized staff shall have full access to all the papers and shall examine into and pass upon the case, and no refund or credit in excess of \$20,000 shall be made until the Joint Committee on Internal Revenue Taxation shall have so passed on such refund or credit, fixed the amount thereof, and made its report to the Commissioner of Internal Revenue; and no refund or credit in excess of \$20,000 shall be made without the approval of said committee. This proviso shall not apply to refunds or credits made pursuant to a judgment of a court having jurisdiction over the subject matter, or a decision of the United States Board of Tax Appeals, which has become final."

Question arises at once whether the proviso authorizing the joint committee of Congress to make the final decision as to whether refunds over \$20,000 shall be made, and to fix the amount thereof, presents constitutional objections.

By other existing legislation the Congress has set up in the Treasury Department an administrative system of examining into claims for refund of taxes alleged to have been erroneously or illegally collected, and authorizing the administrative allowance of such claims; and the system in force involves the appropriation from time to time of lump sums, not for any particular claim, but available generally for administrative repayment of taxes determined in the Treasury to have been illegally or erroneously collected. This legislation establishes administrative or executive functions, and the process of applying and executing the law involves administrative and executive action.

Under the proviso in the urgent deficiency bill the action of the executive officers in the Treasury Department charged with the duty of executing the law respecting refunds would be subject to review by a joint committee of the Congress, and the members of that committee would exercise final authority and make the decisions as to whether refund should be made and in what amounts. The Constitution of the United States divides the functions of the Government into three great departments—the legislative, the executive, and the judicial—and establishes the principle that they shall be kept separate, and that neither the legislative, executive, nor judicial branch may exercise functions belonging to the others. The proviso in the urgent deficiency bill violates this constitutional principle. It attempts to entrust to members of the legislative branch, acting ex officio, executive functions in the execution of the law, and it attempts to give to a committee of the legislative branch power to approve or disapprove executive acts. If the functions to be performed by the joint committee are administrative or executive in character, the bill is subject to the further objection that the selection of the personnel by the Congress is an infringement of the constitutional function of the Executive to make appointments and is an attempt by the legislative branch to make appointments of officials performing administrative or executive functions.

If the process of examination and allowance of a claim for refund of taxes may be viewed as a legislative function, the proviso in this bill is equally obnoxious to the Constitution because a joint committee has not power to legislate, and legislative power can not be delegated to it. These principles are settled by many decisions of the Supreme Court of the United States, to only a few of which need reference be made. In *United States v. Ferreira* (13

Howard, 39, 46-51) the court considered a statute purporting to authorize a district judge to pass upon claims arising under the Spanish treaty, but which provided that the claims should only be paid by the Secretary of the Treasury, if deemed by him to be just and equitable. The court held that the functions of the judge under this statute were not judicial and could not be conferred upon him as a judge, but that he might be considered as acting as a commissioner, and said:

"The duties to be performed are entirely alien to the legitimate functions of a judge or court of justice, and have no analogy to the general or special powers ordinarily and legally conferred on judges or courts to secure the due administration of the laws. And, if they are to be regarded as officers, holding offices under the Government, the power of appointment is in the President, by and with the advice and consent of the Senate; and Congress could not by law, designate the persons to fill these offices. And if this be the construction of the Constitution, then as the judge designated could not act in a judicial character as a court, nor as a commissioner, because he was not appointed by the President, everything that has been done under the acts of 1823, and 1834, and 1849, would be void * * *"

In *Kilbourn v. Thompson* (103 U. S. 168) the court held that duties which the House of Representatives attempted to confer upon a committee were judicial in character and not susceptible of exercise by the legislative department. (See also *Gresham v. United States*, 134 U. S. 99; *Myers v. United States*, 272 U. S. 52. A very recent case is that of *Springer v. Philippine Islands*, 277 U. S. 189.) The organic act, under which the Philippine government operates, provides for separation of legislative, executive, and judicial functions, as does the Constitution of the United States, and vests in the executive the power of appointment of executive officers. The Philippine Legislature passed an act attempting to create a board of control, consisting of the Governor General, the president of the senate, and the speaker of the house of representatives, to vote the stock in and have a voice in the management of the Philippine National Bank and other governmental corporations. The court said:

"Legislative power, as distinguished from executive power, is the authority to make laws, but not to enforce them or appoint the agents charged with the duty of such enforcement. The latter are executive functions. * * *"

"Not having the power of appointment unless expressly granted or incidental to its powers, the legislature can not engraft executive duties upon a legislative office, since that would be to usurp the power of appointment by indirection; though the case might be different if the additional duties were devolved upon an appointee of the executive."

It held the act of the legislature violative of the organic act.

There are various ways in which refunds of illegally collected taxes may be provided for. Congress, if it chooses, acting under the power to make appropriations from the Public Treasury, and the power to maintain the immunity of the Federal Government from suit in the courts, may withhold the power to make refunds from the executive branch and from the courts, and itself deal with the subject by the method of making specific appropriations from time to time to pay specific claims which it deems just. Dealt with in that manner, the authorization of the refund constitutes a legislative act. If Congress confers jurisdiction on the courts to examine such claims and award judgment against the Government, the function of allowance becomes a judicial act, although there still remains the necessity for legislative action in the form of appropriations to pay the judgments. Where, as under existing law, machinery has been set up in the Treasury Department for administrative examination and allowance of these claims by executive officers, the function of executing this law becomes an executive one and must be left with executive officers appointed, not by the legislative branch, but by the executive.

It will be seen, therefore, that the matter of making refunds may involve either legislative, executive, or judicial functions, depending on the system adopted, but in the present case it is unnecessary to make any close analysis of the nature of the function of refunding illegally collected taxes. If it be an executive or judicial function, clearly a joint committee of the Congress may not execute it, and if it is a legislative function it is equally clear that a joint committee may not perform it. Action by a committee is not legislation and a committee of the Congress can not legislate.

If the process attempted by this bill were reversed and a joint committee were required merely to examine these claims and make recommendations to the Congress as to their allowance, to be followed by appropriate legislative action in the form of a statute for their payment, passed in the usual way and approved by the President or passed over his veto, a different situation would exist.

This proviso can not be sustained on the theory that it is a proper condition attached to an appropriation. Congress holds the purse strings and it may grant or withhold appropriations as it chooses, and when making an appropriation may direct the purposes to which the appropriation shall be devoted and impose conditions in respect to its use, provided always that the conditions do not require operation of the Government in a way forbidden by the Constitution. Congress may not, by conditions attached to appropriations, provide for a discharge of the functions of Government in a manner not authorized by the Constitution. If such a practice were permissible, Congress could subvert the Constitution. It might make appropriations on condition that the executive department abrogate its functions. It might, for example, appropriate money for the War Department on condition that the direction of military operations should be conducted by

some person designated by the Congress, thus requiring the President to abdicate his functions as Commander in Chief. During the administration of President Buchanan, a bill provided for an appropriation for the completion of the Washington Aqueduct and prescribed that its expenditure should be under the superintendence of Captain Meigs. In a special message to the House (June 25, 1860) the President said:

"I deemed it impossible that Congress could have intended to interfere with the clear right of the President to command the Army and to order its officers to any duty he might deem most expedient for the public interest. If they could withdraw an officer from the command of the President and select him for the performance of an executive duty, they might upon the same principle annex to an appropriation to carry on a war a condition requiring it not to be used for the defense of the country unless a particular person of its own selection should command the Army."

Attempting to have committees of Congress approve executive acts, or execute administrative functions, or participate in the execution of laws is not a new idea. Carried to its logical conclusion it would enable Congress, through committees or persons selected by it, gradually to take over all executive functions or at least exercise a veto power upon executive action, not by legislation withdrawing authority, but by the action of committees, or of either House acting separately from the other. On May 13, 1920, President Wilson vetoed an appropriation act on the ground that it contained a proviso that certain documents should not be printed by any executive branch or officer except with the approval of the Joint Committee on Printing. Among other things, he said:

"The Congress and the Executive should function within their respective spheres. Otherwise efficient and responsible management will be impossible and progress impeded by wasteful forces of disorganization and obstruction. The Congress has the power and the right to grant or deny an appropriation or to enact or refuse to enact a law; but once an appropriation is made or a law is passed, the appropriation should be administered or the law executed by the executive branch of the Government. In no other way can the Government be efficiently managed and responsibility definitely fixed. The Congress has the right to confer upon its committees full authority for purposes of investigation and the accumulation of information for its guidance, but I do not concede the right, and certainly not the wisdom, of the Congress endowing a committee of either House or a joint committee of both Houses with power to prescribe 'regulations' under which executive departments may operate. * * *

"I regard the provision in question as an invasion of the province of the Executive and calculated to result in unwarranted interferences in the processes of good government, producing confusion, irritation, and distrust. The proposal assumes significance as an outstanding illustration of a growing tendency which I am sure is not fully realized by the Congress itself and certainly not by the people of the country."

President Wilson then went on to call attention to other violations of the same principle and referred to the law creating the Public Buildings Commission, the membership of which included two Senators and two Representatives, acting ex officio—the Senators appointed by the President of the Senate and the Representatives appointed by the Speaker of the House—and to the fact that, so constituted, the commission was exercising administrative functions and that its members were performing executive acts; that Members of Congress, as such, were engaged in executive functions as members of the commission, and that the Congress under this statute was making appointments to executive offices.

In the act of June 30, 1932, making an appropriation for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, and with a view to economy in the operation of the Government, the Congress gave authority to the President, by Executive order, to consolidate, redistribute, and transfer various Government agencies and functions; and established a general formula for his guidance. By section 407 it was provided that the Executive order should be transmitted to the Congress in session and should not become effective until after the expiration of 60 days from such transmission and that "if either branch of Congress within such 60 calendar days shall pass a resolution disapproving of such Executive order or any part thereof, such Executive order shall become null and void to the extent of such disapproval." It must be assumed that the functions of the President under this act were executive in their nature or they could not have been constitutionally conferred upon him, and so there was set up a method by which one House of Congress might disapprove Executive action. No one would question the power of Congress to provide for delay in the execution of such an administrative order, or its power to withdraw the authority to make the order, provided the withdrawal takes the form of legislation. The attempt to give to either House of Congress, by action which is not legislation, power to disapprove administrative acts, raises a grave question as to the validity of the entire provision in the act of June 30, 1932, for Executive reorganization of governmental functions.

Since the organization of the Government, Presidents have felt bound to insist upon the maintenance of the Executive functions unimpaired by legislative encroachment, just as the legislative branch has felt bound to resist interferences with its power by the Executive. To acquiesce in legislation having a tendency to encroach upon the Executive authority results in establishing dangerous precedents.

The first presidential defense of the integrity of the powers of the Executive under the Constitution was made by Washington

himself when the House of Representatives insisted on being recognized as part of the treaty-making power, and in his message then to Congress he said:

"It is essential to the due administration of the Government that the boundaries fixed by the Constitution between the different departments should be preserved."

From that day to this the Presidents, with very few exceptions, have felt the necessity of refusing to overlook encroachments upon the executive power. John Adams, Jefferson, Madison, John Quincy Adams, in succession, had occasion to resist interference with the executive power. On at least six occasions President Jackson found it necessary to resist encroachment. On one occasion he said:

"I deem it an imperative duty to maintain the supremacy of that sacred instrument (the Constitution) and the immunities of the department intrusted to my care."

In 1877 President Grant vetoed an act of Congress which attempted to make the Clerk of the House of Representatives an officer to perform executive duties on the ground that it was an encroachment upon the constitutional right of the executive branch to appoint officers of the United States. President Hayes vetoed appropriation bills containing riders attempting to interfere with the President's power as Commander in Chief of the Army. On June 4, 1920, President Wilson vetoed the Budget bill which created the office of Comptroller General because it provided that the incumbent could only be removed by a joint resolution of Congress. In his message he said:

"I am convinced that the Congress is without constitutional power to limit the appointing power and its incident, the power of removal derived from the Constitution. * * * I can find in the Constitution no warrant for the exercise of this power by the Congress. * * * Regarding as I do the power of removal from office as an essential incident to the appointing power, I can not escape the conclusion that the vesting of this power of removal in the Congress is unconstitutional. * * *

A similar bill was enacted and approved in the next administration, but the soundness of President Wilson's views on the constitutional question was subsequently established by the decision of the Supreme Court of the United States in *Myers v. United States* (272 U. S. 52).

Many other instances might be referred to. An excellent historical account of these will be found in an address delivered by the Hon. Charles Warren on Presidential Declarations of Independence. (Boston University Law Review, Vol. X, January, 1930, No. 1.) Each President has felt it his duty to pass the executive authority on to his successor unimpaired by the adoption of dangerous precedents. You have not hesitated to act when occasion has arisen. (*United States v. George Otis Smith*, 286 U. S. 6, 28 note 3.) The proviso in this deficiency bill may not be important in itself, but the principle at stake is vital. Encroachments on the Executive authority are not likely to be deliberate, but that very fact makes them all the more insidious. In the present instance there is no basis for suggesting that the Congress intentionally transgressed constitutional limitations. One House did not consider the point and in the other it is not clear that any definite conclusion was reached respecting it.

During the Senate's consideration of this urgent deficiency bill the constitutional objections to the proviso relating to tax refunds do not seem to have been mentioned. When the proviso was considered in the House, constitutional objections to it were presented in an able address by Congressman Wood, whose views were supported by other Members of the House learned in constitutional law, and no serious attempt in debate appears to have been made to controvert the arguments thus advanced.

There is one other factor in the case bearing on the disposition you may make of this measure. If this bill is spread upon the statute books, through receiving your approval or being passed over a veto, not only would the proviso respecting the power of the joint committee to authorize refunds be void, but the deficiency appropriation for payment of refunds would fall with it. Whenever a provision in a statute is found invalid, question arises as to whether the whole act falls or only the objectionable section. This depends on whether the unconstitutional provision is separable from the rest of the act and in deciding that question the courts endeavor to ascertain from the terms of the act and its subject matter whether Congress would have intended the balance of the act to stand without the obnoxious provision. (*Dorcy v. Kansas*, 265 U. S. 286, 289.) Under these principles the provision in this bill appropriating money for refund of taxes, together with the proviso respecting powers of the joint committee, are clearly separable from the rest of the act but not from each other. In my opinion, the appropriation for tax refunds and the proviso attached to it must stand or fall together. Who can say that Congress would have made this appropriation without the proviso? I have no basis for such an assumption. If the Congress makes an appropriation attaching to it an invalid condition, we would hardly be justified in rejecting the condition as void and treating the appropriation as available. The safe course is to treat the two as inseparable.

The result is that if this bill should take the form of a statute the Secretary of the Treasury would be confronted with the fact that the appropriation for tax refunds, as well as the proviso attached to it, is void, and would not be available for payment of refunds, with the result that if no prior appropriations are available, payment of all refunds of any amount, would stop until further appropriations for that purpose were made by the Congress. This would be unfortunate, in that it would result in delay, and

injustice to taxpayers, and the accumulation of interest charges against the Government.

It affords an additional reason why this measure may well be returned to the Congress without your approval to give that body the opportunity to eliminate the proviso, or if it be dissatisfied with the existing machinery it has established by law for the making of tax refunds, to substitute some other method not open to constitutional objections.

Respectfully,

WILLIAM D. MITCHELL,
Attorney General.

THE PRESIDENT,
The White House.

The SPEAKER. The objections of the President will be entered at large on the Journal, and the message and the accompanying papers, together with the bill, will be printed as a House document.

The question is, Will the House, on reconsideration, agree to pass the bill, the objections of the President to the contrary notwithstanding?

Mr. BYRNS. Mr. Speaker, I am going to take only a moment of your time. I am quite sure every Member of the House knows the grounds upon which the President has seen fit to veto this deficiency bill.

We were told several weeks ago it was exceedingly important that this bill should become law in the interest of the unemployed and the suffering here in the District of Columbia, since it carries an appropriation of \$625,000 for that purpose. The Committee on Appropriations, acting first through its subcommittee, hurried the hearings upon the deficiency bill as much as possible, presented the bill here in the House, and it was passed and sent to the Senate. Promptly upon its passage by the Senate the two Houses went into conference upon the few amendments which had been made by the Senate, came to an agreement, the bill was passed and sent to the President. Of course, any delay that may happen with reference to supplying those who are said to be badly in need of funds will not rest at the door of Congress, and certainly not at the door of the House.

I have not had opportunity to read the opinion of the Attorney General, which is quite lengthy. It covers quite a number of pages—some 12 or 14—and the very fact that it does cover so many pages leads me to believe, possibly, the Attorney General found some difficulty in arguing himself into the idea that this bill is unconstitutional.

The message of the President is short and to the point. The money represented by these proposed tax refunds has been paid into the Treasury under tax bills passed by Congress and collected through the machinery set up by Congress for that purpose. After the money has been paid into the Treasury of the United States, there is no way, so far as I know, whereby it can be gotten out except through an affirmative act of Congress making an appropriation, and it would seem to me, without having opportunity to fully examine into the subject, that in providing for this money to be paid out to individuals, Congress should have, and does have, the right to prescribe the methods that shall be followed and the circumstances under which the refund may be made. Because if it is not refunded in accordance with the judgment of Congress, and in accordance with its requirements, then, undoubtedly, there is no way, so far as I know, whereby Congress can be forced to appropriate the money.

So in voting to override this veto I shall do so with the best conscience for the reasons I have stated. As Members of Congress called upon to vote money out of the Treasury to reimburse some one asking for a refund, we have the right by our vote to say how that money shall be paid out and what procedure shall be followed before it is paid.

I can not understand, therefore, how it can be said that when Congress undertakes to prescribe such a method it can be said to be unconstitutional.

Mr. CHINDBLOM. Will the gentleman yield? Would not the gentleman be willing to have the message printed in the Record so that we can read it to-morrow and let the vote go over until we have read the message and the opinion of the Attorney General? The question of constitutionality

is one for legal construction, and we have not heard the opinion of the Attorney General. It is late, and let the vote go over until to-morrow.

Mr. BYRNS. That is for the House to decide. The President has urged immediate action, and I see no reason why we should not vote and dispose of it now.

Let me say this, and then I will close. What is this proposition? All this amendment, which was adopted in the Senate and finally agreed to by the House and Senate conferees and confirmed by the House, does is to say that when the Internal Revenue Commissioner, not a court but an executive officer of the Government, has determined that a refund should be made, if it amounts to more than \$20,000, he shall send the case up here to a joint committee composed of Senators and Representatives from the Committee on Finance in the Senate and Ways and Means in the House, and that that committee shall consider the facts sent to it by the Internal Revenue Commissioner, make such investigation as the committee chooses, and if it approves of the action of the Internal Revenue Commissioner it shall fix the amount of the refund that shall be made. Why should anyone object to that?

Mr. RAGON. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. RAGON. I understand the President objects to the provision that gives Congress the right to investigate and refund amounts that are above \$20,000. We have the right, or have been assuming the right, to examine all amounts above \$75,000. Has anyone ever objected to the constitutionality of the act that gave us that authority?

Mr. BYRNS. None that I am aware of. I thank the gentleman for his suggestion.

Mr. RAGON. Can the gentleman conjure up in his mind any reason, if we have the right to review refunds above \$75,000, why we should not have the right to investigate refunds above \$20,000?

Mr. BYRNS. Absolutely not. This seems to be an afterthought to protect those big refunds concerning which there has been so much suspicion in the past decade. No one should object to publicity. Mr. Speaker, I move the previous question.

The question was taken.

Mr. MAPES. Mr. Speaker, I ask for a division on ordering the previous question.

The House divided; and there were—ayes 191, noes 169.

Mr. MAPES. Mr. Speaker, on that I demand the yeas and nays.

The SPEAKER. As many as favor ordering taking the vote by the yeas and nays will rise and stand until counted. [After counting.] Forty-two Members have risen, not a sufficient number.

So the previous question was ordered.

Mr. MAPES. Mr. Speaker, I do not see how the House can act intelligently—

Mr. BANKHEAD. Mr. Speaker, I demand the regular order.

Mr. MAPES. Mr. Speaker, I desire to submit a unanimous-consent request.

The SPEAKER. The gentleman will state it.

Mr. MAPES. I ask unanimous consent that the opinion of the Attorney General upon which the veto message of the President is based may be read for the information of the House.

Mr. BANKHEAD. Mr. Speaker, I object.

The SPEAKER. The question is, Will the House, on reconsideration, agree to pass the bill, the objections of the President to the contrary notwithstanding?

Mr. MAPES. Mr. Speaker, I desire to submit another unanimous-consent request, and that is that the vote on the veto message may be postponed until to-morrow morning.

Mr. KENNEDY. Mr. Speaker, I object.

The SPEAKER. The Constitution requires that the roll be called on this vote. The Clerk will call the roll.

The question was taken; and there were—yeas 193, nays 158, not voting 75, as follows:

[Roll No. 151]

YEAS—193

Amle	Dominick	Kemp	Palmisano
Arnold	Doughton	Kennedy, Md.	Parker, Ga.
Ayres	Douglass, Mass.	Kennedy, N. Y.	Parks
Bankhead	Dowell	Kerr	Parsons
Barton	Doxey	Kleberg	Patman
Black	Drane	Kniffin	Patterson
Blanton	Drewry	Kunz	Peavey
Bloom	Driver	Kvale	Polk
Boehne	Ellzey	LaGuardia	Prall
Bolleau	Eslick	Lambertson	Ragon
Boland	Fernandez	Lambeth	Rainey
Brand, Ohio	Fiesinger	Lamneck	Ramspeck
Briggs	Fishburne	Lanham	Rankin
Browning	Fitzpatrick	Lankford, Ga.	Rayburn
Brunner	Flannagan	Larrabee	Rogers, N. H.
Buchanan	Flood	Lea	Sabath
Bulwinkle	Fuller	Lewis	Sanders, Tex.
Burch	Fulmer	Lichtenwalner	Sandlin
Busby	Gambrill	Lindsay	Schneider
Byrns	Gasque	Loneragan	Schuetz
Campbell, Iowa	Gavagan	Lozier	Shallenberger
Cannfield	Gilbert	Ludlow	Shannon
Cannon	Gilchrist	McClintic, Okla.	Smith, Va.
Carden	Gillen	McCormack	Smith, W. Va.
Carley	Glover	McDuffie	Somers, N. Y.
Cartwright	Goldsborough	McKeown	Sparks
Cary	Granfield	McReynolds	Spence
Castellow	Greenwood	McSwain	Steagall
Celler	Gregory	Major	Stevenson
Chapman	Griffin	Maloney	Sumners, Tex.
Chavez	Griswold	Mansfield	Sutphin
Christgau	Haines	May	Swank
Cochran, Mo.	Hancock, N. C.	Mead	Tarver
Cole, Md.	Hare	Miller	Thomason
Collins	Harlan	Milligan	Tierney
Condon	Hart	Mitchell	Vinson, Ga.
Connery	Hastings	Mobley	Warren
Cooper, Tenn.	Hill, Wash.	Montague	West
Cox	Howard	Montet	Whittington
Cross	Huddleston	Moore, Ky.	Williams, M
Crosser	Jacobsen	Morehead	Wilson
Crowe	Jeffers	Nelson, Mo.	Wingo
Cullen	Johnson, Mo.	Norton, Nebr.	Withrow
Davis, Tenn.	Johnson, Okla.	Norton, N. J.	Wood, Ga.
Delaney	Johnson, Tex.	O'Connor	Woodrum
DeRouen	Jones	Oliver, Ala.	Yon
Dickinson	Kading	Oliver, N. Y.	
Dickstein	Keller	Overton	
Dies	Kelly, Ill.	Owen	

NAYS—158

Adkins	Eaton, Colo.	Kinzer	Seger
Aldrich	Eaton, N. J.	Knutson	Seiberling
Allen	Englebright	Kopp	Shott
Andresen	Erk	Kurtz	Shreve
Andrew, Mass.	Estep	Lankford, Va.	Sinclair
Andrews, N. Y.	Evans, Calif.	Leavitt	Smith, Idaho
Arentz	Finley	Lehlbach	Snell
Bacharach	Fish	Luce	Snow
Bachmann	Foss	McClintock, Ohio	Stafford
Bacon	Frear	McFadden	Stalker
Barbour	Free	McGugin	Stokes
Beedy	French	McLeod	Strong, Kans.
Biddle	Gibson	Maas	Strong, Pa.
Bohn	Gifford	Magrady	Stull
Bolton	Goss	Mapes	Summers, Wash.
Bowman	Guyer	Martin, Mass.	Swanson
Britten	Hadley	Michener	Swick
Brumm	Hall, Ill.	Millard	Taber
Burtness	Hall, N. Dak.	Moore, Ohio	Temple
Cable	Hancock, N. Y.	Murphy	Thatcher
Campbell, Pa.	Hardy	Nelson, Me.	Thurston
Carter, Calif.	Hartley	Nelson, Wis.	Timberlake
Chindblom	Haugen	Niedringhaus	Tinkham
Chiperfield	Hawley	Nolan	Treadway
Christopherson	Hess	Parker, N. Y.	Turpin
Clague	Hoch	Partridge	Wason
Clancy	Hogg, Ind.	Person	Watson
Cochran, Pa.	Hogg, W. Va.	Pettengill	Weeks
Cole, Iowa	Holaday	Pittenger	Weich
Colton	Hollister	Pratt, Harcourt J.	White
Connolly	Hooper	Pratt, Ruth	Whitley
Cooper, Ohio	Hope	Purnell	Wigglesworth
Crall	Horr	Ramseyer	Williamson
Crowther	Houston, Del.	Ransley	Wolcott
Curry	Hull, William E.	Reed, N. Y.	Wolfenden
Darrow	Jenkins	Reilly	Wolverton
Davenport	Johnson, S. Dak.	Rich	Woodruff
Davis, Pa.	Kahn	Robinson	Wyant
De Priest	Kelly, Pa.	Rogers, Mass.	
Dyer	Ketcham	Schafer	

NOT VOTING—75

Abernethy	Buckbee	Coyle	Garber
Allgood	Burdick	Crump	Golder
Almon	Carter, Wyo.	Culkin	Goodwin
Auf der Heide	Caviochia	Dieterich	Green
Baldridge	Chase	Disney	Hall, Miss.
Beam	Clark, N. C.	Douglas, Ariz.	Hill, Ala.
Beck	Clarke, N. Y.	Doutrich	Holmes
Bland	Collier	Evans, Mont.	Hopkins
Boylan	Cooke	Freeman	Hornor
Brand, Ga.	Corning	Fulbright	Hull, Morton D.

Igoe	Martin, Oreg.	Simmons	Underhill
James	Mouser	Sirovich	Underwood
Johnson, Ill.	Perkins	Stewart	Vinson, Ky.
Johnson, Wash.	Pou	Sullivan, N. Y.	Weaver
Larsen	Reid, Ill.	Sullivan, Pa.	Williams, Tex.
Loofbourov	Romjue	Sweeney	Wood, Ind.
Loveite	Rudd	Swing	Wright
McMillan	Sanders, N. Y.	Taylor, Colo.	Yates
Manlove	Selvig	Taylor, Tenn.	

So (two-thirds not having voted in favor thereof) the veto of the President was sustained, and the bill was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Abernethy and Mr. Crump (for) with Mr. Caviochia (against).
 Mr. Evans of Montana and Mr. Hill of Alabama (for) with Mr. Golder (against).
 Mr. Sweeney and Mr. Weaver (for) with Mr. Clarke of New York (against).
 Mr. Wright and Mr. Igoe (for) with Mr. Hopkins (against).
 Mr. Williams of Texas and Mr. Larsen (for) with Mr. Coyle (against).
 Mr. Bland and Mr. Fulbright (for) with Mr. Perkins (against).
 Mr. Taylor of Colorado and Mr. Auf der Heide (for) with Mr. Johnson of Washington (against).
 Mr. Stewart and Mr. Hall of Mississippi (for) with Mr. Wood of Indiana (against).
 Mr. Rudd and Mr. Disney (for) with Mr. Beck (against).
 Mr. Sullivan of New York and Mr. Pou (for) with Mr. Carter of Wyoming (against).
 Mr. Clark of North Carolina and Mr. Green (for) with Mr. Manlove (against).
 Mr. Sirovich and Mr. McMillan (for) with Mr. Doutrich (against).
 Mr. Boylan and Mr. Almon (for) with Mr. Culkin (against).
 Mr. Brand of Georgia and Mr. Allgood (for) with Mr. Buckbee (against).
 Mr. Romjue and Mr. Vinson of Kentucky (for) with Mr. Cooke (against).
 Mr. Underwood and Mr. Hornor (for) with Mr. Baldrige (against).
 Mr. Beam and Mr. Dieterich (for) with Mr. Mouser (against).

Additional general pairs:

Mr. Martin of Oregon with Mr. Reid of Illinois.
 Mr. Corning with Mr. James.

Mr. MARTIN of Massachusetts. Mr. Speaker, I desire to announce that my colleagues, Messrs. HOLMES and UNDERHILL, are absent, and if they were here they would vote "no."

The result of the vote was announced as above recorded.

The SPEAKER. The message of the President and the bill, together with the accompanying papers, are referred to the Committee on Appropriations and ordered printed, and the Clerk will notify the Senate of the action of the House.

FIXING THE COMMENCEMENT OF THE TERMS OF PRESIDENT, VICE PRESIDENT, ETC.

The SPEAKER laid before the House a communication from Benjamin M. Moeur, Governor of the State of Arizona, announcing that the eleventh legislature of that State had ratified the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. JENKINS, for five days, on account of death in family.

To Mr. STEWART, on account of sickness.

To Mr. ROMJUE, for one day, on account of illness.

To Mr. BLAND, indefinitely, on account of illness.

WAR DEPARTMENT APPROPRIATION BILL

Mr. THATCHER. Mr. Speaker, I ask unanimous consent to extend my remarks on the Army appropriation bill passed to-day and to include therein certain extracts from the report, the bill, and the hearings.

The SPEAKER. Is there objection?

There was no objection.

Mr. THATCHER. Mr. Speaker, I always feel a deep interest in the War Department appropriation bills. This arises not only because of the great importance of national defense, for which appropriations are carried in these measures, but also because of the many nonmilitary items, such as river and harbor improvement, flood control, the maintenance and operation of the Panama Canal, the national military parks and cemeteries, and the like.

It is not possible for me to discuss all of the features of the bill under consideration—that making appropriations for the War Department for 1934; that is to say, for the fiscal year beginning July 1, 1933. However, I do wish to comment upon certain items and features.

THE PANAMA CANAL

It was my pleasure to visit once again, in December-January last, the Isthmus of Panama and to see there the progress in the construction of the Madden Dam. I visited the site of the project in August, 1929, before the actual construction had started. The work, in the hands of private contractors, and under the general supervision of the Panama Canal authorities, is advancing at a very satisfactory rate. Seeing the activities thus involved brought vividly to mind the work on the canal enterprise at the peak of the construction period, 1910 to 1913, inclusive, when it was my privilege to serve as a member of the Isthmian Canal Commission and head of the Department of Civil Administration of the Canal Zone.

MADDEN LAKE

The new lake, up the Chagres River, which will thus be formed will serve the double purpose of creating a substantial water supply reserve for lockage purposes and an active supply for hydroelectric needs. The major hydroelectric plant is being built at the new dam, and the water used here to develop electrical energy for the canal operations will not be wasted into the sea, as is the case at Gatun at present; but will pass into Gatun Lake, there to become available for lockage purposes.

The creation of the new lake will not only save all question of an adequate water supply to operate the canal to capacity with the present lock system but will also provide, as is fully believed, an adequate water supply for the operation of the canal when, as is contemplated, another series of locks paralleling those now constructed may be built. It may be 50 years before there is any actual need for further canal facilities, and with another series of locks provided, the canal, it is thought, will take care of all Isthmian traffic for more than 100 years to come. Hence, the construction of another interoceanic canal across the Isthmus, or elsewhere, would seem to be a problem for the indefinite future. The general economic stress has affected the canal as shipping has substantially fallen off in recent years.

CONSTRUCTION APPROPRIATIONS

I regret the fact that the appropriations for work on the Madden Dam for 1934 again will come out of funds of the Panama Railroad Co. My judgment has been that the general funds of this old and highly important organization should be preserved for its own needs; with the exception, perhaps, of an occasional payment of a dividend character, reasonable in amount, into the United States Treasury. It seems to me that we are cutting too deep into the reserves of the company in the making of annual appropriations for this construction work of the canal.

ISTHMIAN CANAL COMMISSION

Of the six members of the Isthmian Canal Commission with whom I had the honor to serve—the commission having been composed of seven members—all have passed away except Gen. William L. Sibert. His great work in the construction of the locks, dam, and related works at Gatun constitutes a splendid memorial to his Isthmian labors; but since the completion of the canal he has continued to "carry on," and in the construction of the new docks at Mobile and in his service in connection with studies and recommendations in regard to the great Boulder Dam project, he has given ample proof that his unsurpassed engineering talents yet endure.

GORGAS MEMORIAL LABORATORY

During my recent visit it was my pleasure to note the splendid work of the Gorgas Memorial Laboratory, located in the city of Panama. This institution, devoted to research touching the causes and prevention of tropical diseases, is fully justifying the enactment by Congress of the measure it was my privilege to introduce and sponsor. Under the act the United States Government is contributing \$50,000 a

year for the work of the institution; and all the Latin American countries, under the terms of the act, are invited and permitted to contribute also. The Republic of Panama, as was also contemplated and permitted, has donated the splendid structure and the grounds for the laboratory. The institution, as provided by the act, is named in honor of the great modern sanitarian and humanitarian, Gen. William C. Gorgas, who long served as a member of the Isthmian Canal Commission, and whose redemptive sanitary, and health work on the Isthmus made possible the construction of the Panama Canal, the greatest industrial enterprise of all times.

Dr. Herbert C. Clark, for years occupying an important position in the health and sanitary work on the Isthmus under General Gorgas, has been the director of the laboratory since its creation several years ago. He is performing a service of the highest character, and the institution is fast becoming one of the most important of its kind anywhere to be found. Its work will not only benefit the world at large, but it will benefit, in a special degree, our own country. Because of our multiplied contacts with tropical lands, by air and by sea, and, as ultimately will be the case, by roadway, we must protect ourselves and our flocks and herds from invasion by the many dangerous diseases of these countries, or else suffer the inevitable penalties involved. The Gorgas Memorial Laboratory is meeting, in most splendid fashion, this situation.

SLIDES

The slides, in varying degree, are continuing in the Gaillard (formerly Culebra) Cut. The much talked of "angle of repose" has not yet been attained, and may not be for many years; but the efficient canal organization now under Governor Schley, and recently under Governor Burgess, has kept the channels clear for traffic. It is not believed the slides may ever again constitute a major problem. These modern disturbances, though most troublesome and annoying, because of the necessity of keeping the canal open for shipping, seem small when compared with the great slides of construction days when Col. David du Bose Gaillard, the highly capable and tireless engineer officer and member of the commission, was in charge of the work of the old central division. The exactions of his important tasks cost him his life. He died shortly before the canal was completed.

FERRY AND HIGHWAY

The new permanent ferry across the canal at its Pacific entrance has been in operation since last September; and since then also the new road from the western terminus of the ferry across Canal Zone territory to Arraijan has been open to traffic. Two adequate Diesel-engine ferryboats have been constructed and put into this service. One of these bears the name *President Amador*, in honor of the first President of the Republic of Panama; and the other the name *President Roosevelt*, for Theodore Roosevelt, during whose Presidency of our own country and under whose vigorous leadership the Panama Canal enterprise was undertaken.

At Arraijan, in the western portion of the Republic, this new road makes connection with several hundred miles of hard-surfaced roadway extending northwestwardly toward the Costa Rican boundary. This ferry and connecting zone road form a necessary and most vital link of the inter-American highway, leading from the United States through Mexico and Central America to Panama City. This great thoroughfare is in large measure constructed, and much of the remainder is under construction; and the plan of its sponsors is to extend it ultimately from Panama City down the west coast of South America to Chile. If and when this is done, it will be the longest, and, as I believe, the most interesting highway in the world. The hard-surfaced road system in the western portion of the Republic of Panama, already mentioned, also constitutes an indispensable link in the inter-American highway.

The cost of the new ferry and Canal Zone road project, including the ferry approaches and vessels, was \$1,000,000, which sum was authorized by the measure, of which I was

very happy to have been the author, enacted by the Congress in 1930. The ferry and new highway, if with propriety I may mention the fact, under official designation, bear my name. To Panaman citizens and officials for suggesting this wholly unexpected honor, and to the American officials for accepting and adopting the suggestion, I am profoundly grateful.

The ferry and road serve to reunite the two portions of the Republic of Panama cut in two by the Canal Zone and the canal. Hence the ferry-road project is absolutely vital to the well-being of the Republic, especially so as practically all of the cultivated regions of Panama and the country's cattle-raising areas are in its western portion, whereas the capital of the country itself as well as the towns of the Canal Zone are on the eastern side of the canal. The construction, maintenance, and operation of this ferry-road project simply carry into effect the very strong obligation which became that of our own country to the Panaman Republic when it acquired the zone strip and constructed the canal. Not only this, but the ferry-road project, as was pointed out by Governor Burgess at the hearings on the measure in question, will prove of great military and other value to the United States.

HAVE SOUGHT TO SERVE

Mr. Speaker, since I have been a Member of Congress I have sought to be ever mindful of the best interests of the Canal Zone, the Panama Canal, and the Republic of Panama; and to the utmost of my ability and opportunity I have sought to serve those interests. I believe that my connection with the great Isthmian project during the course of its construction has enabled me fairly well to understand, as a Member of this great legislative body, the continuing problems of the canal, and our relationships with the Panaman and other Latin American countries, our sisters to the southward; and one of the greatest causes of satisfaction now mine, upon retiring from Congress, has been the fact that in a small, but wholly devoted way, I have been able to be of service in these connections.

OPINION OF THE ATTORNEY GENERAL

Mr. SNELL. Mr. Speaker, I ask unanimous consent that the opinion of the Attorney General may be printed in the Record, immediately following the veto message, on account of its importance.

The SPEAKER. Is there objection?

There was no objection.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 5131. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Cannelton, Ind.; and

S. 5232. An act to extend the time for completing the construction of a bridge across the Missouri River at or near St. Charles, Mo.

ADJOURNMENT

Mr. COLLINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 24 minutes p. m.) the House adjourned until to-morrow, Wednesday, January 25, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, January 25, 1933, as reported to the floor leader:

IMMIGRATION AND NATURALIZATION

(10.30 a. m.)

Hearings on H. J. Res. 549, Philippine immigration matters.

PUBLIC BUILDINGS AND GROUNDS

(10 a. m.)

Continue hearings on District of Columbia airport bill.

LABOR

(10 a. m.)

Continue hearings on 5-day week and 6-hour day proposals.

BANKING AND CURRENCY

(10.30 a. m.)

Hearings on farm mortgage bill and silver bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

879. A letter from the Secretary of War, transmitting a draft of proposed legislation to credit to officers of the Army certain services as cadets in the United States Military Academy; to the Committee on Military Affairs.

880. A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to place the Washington, D. C., post office under the custody and control of the Secretary of the Treasury to the same extent as courthouses, customhouses, post offices, appraisers' stores, and other public buildings outside the District of Columbia; to the Committee on Public Buildings and Grounds.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. GLOVER: Committee on Agriculture. Senate Joint Resolution 108. A joint resolution to authorize and direct the Secretary of Agriculture to investigate the cost of maintaining the present system of future trading in agricultural products and to ascertain what classes of citizens bear such cost; with amendment (Rept. No. 1899). Referred to the Committee on the Whole House on the state of the Union.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 7432. A bill to authorize the Interstate Commerce Commission to delegate certain of its powers; with amendment (Rept. No. 1900). Referred to the House Calendar.

Mr. CARTWRIGHT: Committee on Indian Affairs. S. 4339. An act repealing certain provisions of the act of June 21, 1906, as amended, relating to the sale and encumbrance of lands of Kickapoo and affiliated Indians of Oklahoma; with amendment (Rept. No. 1901). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. H. R. 13974. A bill granting the consent of Congress to Bonner County, State of Idaho, to construct, maintain, and operate a free highway bridge across Pend Oreille Lake at the city of Sandpoint, in the State of Idaho; without amendment (Rept. No. 1903). Referred to the House Calendar.

Mr. BECK: Committee on Interstate and Foreign Commerce. H. R. 14030. A bill authorizing the Bushkill Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Delaware River at or near Bushkill, Pa.; without amendment (Rept. No. 1904). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. H. R. 14060. A bill to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Ore.; with amendment (Rept. No. 1905). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. H. R. 14109. A bill authorizing The Dalles Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Columbia River at a point approximately 5 miles upstream from the city of The Dalles, in the State of Oregon, to a point on the opposite shore in the State of Washington; with amendment (Rept. No. 1906). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H. R. 14134. A bill to extend the times for commencing and completing the construction of a bridge

across the Ohio River at or near Shawneetown, Gallatin County, Ill., and a point opposite thereto in Union County, Ky.; without amendment (Rept. No. 1907). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. ARENTZ: Committee on the Public Lands. H. R. 13950. A bill for the relief of Robert Rayl; without amendment (Rept. No. 1902). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McFADDEN: A bill (H. R. 14386) to provide for the coinage of a ½-cent piece, a 1¼-cent piece, a 1½-cent piece, a 2-cent piece, and a 3-cent piece; to the Committee on Coinage, Weights, and Measures.

By Mr. TABER: A bill (H. R. 14387) to provide for the apportionment of World War veterans' disability allowances in certain cases; to the Committee on World War Veterans' Legislation.

By Mr. LEHLBACH: A bill (H. R. 14388) providing for the sale of port of Newark Army base to the city of Newark; to the Committee on Military Affairs.

By Mr. MEAD: A bill (H. R. 14389) to amend section 4 of the United States grain standards act of 1916 as relating to the use of the official grain standards of the United States on grain moved in interstate commerce from shipping points to destination points without official grade determination; to the Committee on Agriculture.

By Mr. ANDREWS of New York: A bill (H. R. 14390) to amend section 4 of the United States grain standards act of 1916 as relating to the use of the official grain standards of the United States on grain moved in interstate commerce from shipping points to destination points without official grade determination; to the Committee on Agriculture.

By Mr. DRANE: A bill (H. R. 14391) authorizing a preliminary examination and survey of St. Petersburg Harbor, Fla.; to the Committee on Rivers and Harbors.

By Mrs. NORTON: A bill (H. R. 14392) to authorize the payment of taxes and assessments on family dwelling houses in the District of Columbia in quarterly installments, and for other purposes; to the Committee on the District of Columbia.

By Mr. CULKIN: A bill (H. R. 14393) to provide for the commemoration of the Battle of Sacketts Harbor, in the State of New York; to the Committee on Military Affairs.

By Mr. LOZIER: A bill (H. R. 14394) to provide for the sale of revenue stamps by the postmaster in each county seat in the United States; to the Committee on Ways and Means.

By Mr. CELLER: A bill (H. R. 14395) relating to the prescribing of medicinal liquor; to the Committee on the Judiciary.

By Mr. MEAD: A bill (H. R. 14396) to provide for expansion of Government-owned motor-vehicle service in the Postal Service; to the Committee on the Post Office and Post Roads.

By Mr. McFADDEN: Joint Resolution (H. J. Res. 569) to repeal the Federal reserve act, and for other purposes; to the Committee on Banking and Currency.

By Mr. POU: Joint Resolution (H. J. Res. 570) to provide for the quartering in certain public buildings in the District of Columbia of troops participating in the inaugural ceremonies; to the Committee on Public Buildings and Grounds.

Also, joint resolution (H. J. Res. 571) authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. RAYBURN: Joint Resolution (H. J. Res. 572) to provide for further investigation of certain public-utility corporations engaged in interstate commerce; to the Committee on Rules.

By Mr. DOXEY: Joint resolution (H. J. Res. 573) to extend the time during which the emergency appropriation for Federal-aid highways shall be available for expenditure; to the Committee on Roads.

By Mr. FITZPATRICK: Joint resolution (H. J. Res. 574) relating to leave with pay for employees of the Government Printing Office; to the Committee on Appropriations.

By Mr. BUCHANAN: Joint resolution (H. J. Res. 575) authorizing the fixing of grazing fees on lands within national forests; to the Committee on Agriculture.

MEMORIAL

Under clause 3 of Rule XXII, a memorial was presented and referred as follows:

Memorial of the Legislature of the State of Idaho, memorializing Congress not to pass H. R. 13558, and that no other similar legislation be enacted during this period of economic depression; to the Committee on the Public Lands.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H. R. 14397) granting a pension to Wilmena Shonert; to the Committee on Invalid Pensions.

By Mr. AYRES: A bill (H. R. 14398) granting a pension to Rachel L. Lewis; to the Committee on Invalid Pensions.

By Mr. BACON: A bill (H. R. 14399) granting a pension to Frank Kroegel, alias Francis Kroegel; to the Committee on Pensions.

By Mr. CULKIN: A bill (H. R. 14400) granting an increase of pension to Estella Sheley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14401) granting an increase of pension to Sarah Jane Dempster; to the Committee on Invalid Pensions.

By Mr. ENGLEBRIGHT: A bill (H. R. 14402) for the relief of R. S. Brown; to the Committee on Claims.

By Mr. HART: A bill (H. R. 14403) granting an increase of pension to Rosa McGowan; to the Committee on Invalid Pensions.

By Mr. KLEBERG: A bill (H. R. 14404) granting a pension to Margaret Phillips; to the Committee on Invalid Pensions.

By Mr. LUDLOW: A bill (H. R. 14405) granting an increase of pension to Laura A. Stahlacker; to the Committee on Invalid Pensions.

By Mr. MAPES: A bill (H. R. 14406) granting a pension to Joseph Furmankiewicz; to the Committee on Pensions.

By Mr. MURPHY: A bill (H. R. 14407) for the relief of Charles C. Floyd; to the Committee on Military Affairs.

By Mr. PARSONS: A bill (H. R. 14408) granting a pension to Ernest Henry Benz; to the Committee on Pensions.

By Mr. PATTERSON: A bill (H. R. 14409) for the relief of Mike L. Lynch; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9826. By Mr. BOEHNE: Petition of the Georgetown Christian Church of Georgetown, Ind., praying for the retention of the eighteenth amendment; to the Committee on the Judiciary.

9827. By Mr. CLARKE of New York: Petition of Mrs. M. H. Smith and eight other residents of Walton, N. Y., opposing any legislative act that would legalize alcoholic liquors stronger than one-half of 1 per cent; to the Committee on the Judiciary.

9828. Also, petition of Earl W. Culver and 37 citizens of Binghamton, protesting against passage of House bill 13742, or any other measure that would override the eighteenth amendment; to the Committee on the Judiciary.

9829. By Mr. COCHRAN of Pennsylvania: Petition of Ada Missionary Society, of Jamestown, Pa., signed by Mrs. J. W. Clark, president, and Mrs. C. E. Thompson, secretary, urging the establishment of a Federal motion-picture commission, with a view to supervising and regulating the motion-picture industry, and urging the passage of Senate bill 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

9830. By Mr. CRAIL: Petition of the council of the city of Monterey, Calif., urging favorable action on House bill 13999, entitled "A bill to prevent loss of revenue, to provide employment for American labor, and to maintain the industries and agriculture of the United States against the effects of depression in foreign currencies"; to the Committee on Ways and Means.

9831. Also, petition of Barrett Camp, No. 29, United Spanish War Veterans, Department of California, opposing any changes relative to Navy pay; to the Committee on Appropriations.

9832. By Mr. GARBER: Petition of D. E. Allen, of Wakita, Okla., urging support of House bill 13790, an act to help American labor; to the Committee on Ways and Means.

9833. By Mr. CRAIL: Petition of city council of Lynwood, Los Angeles County, Calif., opposing the proposed Federal tax of 3 per cent on all State agencies and/or publicly owned utilities; to the Committee on Ways and Means.

9834. Also, petition of National Federation of Post Office Clerks, Local No. 64, Los Angeles, Calif., opposing the activities of the National Economy League; to the Committee on Ways and Means.

9835. Also, petition of many citizens of Monrovia, Calif., favoring the stop-alien-representation amendment to the Constitution, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9836. By Mr. CULKIN: Petition of Earl Ames and sundry other citizens of Richland, Oswego County, N. Y., urging the adoption of the stop-alien-representation amendment to the Constitution; to the Committee on the Judiciary.

9837. Also, petition of sundry citizens of Madison County, N. Y., urging the adoption of the so-called stop-alien-representation amendment; to the Committee on the Judiciary.

9838. By Mr. DAVENPORT (by request): Petition of Nellie K. Johnson and others, of West Winfield and West Oneonta, N. Y., opposing every act that would legalize alcoholic liquors stronger than one-half of 1 per cent; to the Committee on the Judiciary.

9839. Also (by request), petition of Emma A. Hitchings and others, of West Winfield and Winfield, N. Y., favoring the so-called stop-alien-representation amendment to the Constitution; to the Committee on the Judiciary.

9840. Also, petition of the Woman's Christian Temperance Union of Remsen, N. Y., favoring the so-called stop-alien-representation amendment to the Constitution; to the Committee on the Judiciary.

9841. Also (by request), petition of E. R. Flanders and 43 other citizens of Dolgeville, N. Y., favoring the passage of the stop-alien-representation amendment to the Constitution; to the Committee on the Judiciary.

9842. Also, petition of Woman's Christian Temperance Union of Oriskany Falls, N. Y., opposing all legislation intended to nullify, weaken, or repeal the eighteenth amendment and the Volstead Act; to the Committee on the Judiciary.

9843. Also, petition of the Somerset Woman's Christian Temperance Union, opposing all legislation intended to nullify, weaken, or repeal the eighteenth amendment and the Volstead Act; to the Committee on the Judiciary.

9844. By Mr. DELANEY: Petition of the Associated Board of Trade of New York, urging the reduction of first-class postage to 2 cents; to the Committee on Ways and Means.

9845. Also, petition of the superintendent of banks of the State of New York, protesting against the publication of the names of those borrowing from the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

9846. By Mr. DRANE: Petition of citizens of Zephyrhills, Fla., protesting against the repeal of the eighteenth amendment; to the Committee on the Judiciary.

9847. Also, petition of citizens of Tampa, St. Petersburg, and Bradenton, Fla., protesting against legislation for the repeal of the eighteenth amendment; to the Committee on the Judiciary.

9848. By Mr. EVANS of California: Petition of Lulu F. Kent and 12 others, urging the passage of the stop-alien-representation amendment; to the Committee on Labor.

9849. Also, petition signed by G. W. Lawrence and approximately 60 others, favoring the 30-hour working week; to the Committee on Labor.

9850. By Mr. GARBER: Petition of John Flanagan, secretary-treasurer Motor Supply Co., Enid; the State Taxpayers' League of Oklahoma; and Frank D. Northup, editor of the Enid Events, Enid, Okla., urging restoration of the 2-cent postage rate on first-class mail matter; to the Committee on Ways and Means.

9851. Also, petition of James C. White, local manager of Long-Bell Lumber Sales Corporation, Renfrow, Okla., urging support of House bill 13790; to the Committee on Ways and Means.

9852. Also, letter and a petition from Gertrude Carpenter, president Woman's Christian Temperance Union of Cherokee, Alfalfa County, Okla., urging opposition to all efforts at modification or repeal, and requesting support of adequate appropriations for law enforcement and a campaign of education in law observance; to the Committee on the Judiciary.

9853. Also, petition of the board of directors of the Clearwater-Hynes Chamber of Commerce, Hynes, Calif., urging enactment of House bill 11642; to the Committee on Interstate and Foreign Commerce.

9854. Also, petition of the Aline (Okla.) Methodist Episcopal Sunday School, urging opposition to all efforts to modify or repeal the prohibition laws, and requesting support of adequate appropriations for law enforcement and a campaign of education in law observance; to the Committee on the Judiciary.

9855. Also, petition urging support of the railway pension bills, S. 4646 and H. R. 9891; to the Committee on Interstate and Foreign Commerce.

9856. By Mr. HART: Petition of residents of Henderson, Shiawassee County, Mich., on the alien-representation amendment to the Constitution; to the Committee on the Judiciary.

9857. By Mr. HOOPER: Petition of residents of Battle Creek, Mich., opposing House bill 13742, or any other measure in opposition to the eighteenth amendment; to the Committee on the Judiciary.

9858. By Mr. KNIFFIN: Petition of Cue A. Abts and others, of Wauseon, Ohio, opposing legislation intended to nullify, weaken, or repeal the eighteenth amendment and the Volstead Act; to the Committee on the Judiciary.

9859. By Mr. KVALE: Petition of the Woman's Christian Temperance Union of Lynd, Minn., protesting against any change in the eighteenth amendment; to the Committee on the Judiciary.

9860. Also, petition of the Woman's Christian Temperance Union of Alexandria, Minn., urging enforcement of the eighteenth amendment; to the Committee on the Judiciary.

9861. Also, petition of 83 residents of the State of Minnesota, urging enactment of the Frazier bill; to the Committee on Banking and Currency.

9862. Also, petition of the Woman's Christian Temperance Union of Ada, Minn., protesting against any change in the eighteenth amendment; to the Committee on the Judiciary.

9863. By Mr. LEAVITT: Petition of the City Council of Great Falls, Mont., protesting against Federal taxation which places a burden on the States; to the Committee on Ways and Means.

9864. Also, petition of various citizens of Hogeland, Mont., favoring a more lenient settlement of the 1932 Federal seed loans; to the Committee on Agriculture.

9865. By Mr. LINDSAY: Petition of the Associated Board of Trade, New York City, favoring reduction of first-class postage from 3 cents to 2 cents; to the Committee on Ways and Means.

9866. Also, petition of J. A. Broderick, superintendent of banks, New York State, opposing publicity of loans by Reconstruction Finance Corporation; to the Committee on Banking and Currency.

9867. By Mr. LUDLOW: Petition of citizens of Indianapolis, Ind., protesting against the legalization of beer and the repeal of the eighteenth amendment; to the Committee on the Judiciary.

9868. By Mr. MOORE of Kentucky: Petition of citizens of Austin, Barren County, Ky., protesting against repeal, modification, or nullification of the eighteenth amendment; to the Committee on the Judiciary.

9869. By Mr. RAINEY: Petition of Gerald Davis, of Brasher Falls, N. Y., and 49 other residents of the State of New York; to the Committee on the Judiciary.

9870. By Mr. REID of Illinois: Resolutions adopted by the Council of Women's Work of the Brethren Church of Elgin, Ill., urging that a law be adopted regulating the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

9871. By Mr. ROBINSON: Statement of the Earl Ferris Nursery Co., of Hampton, Iowa, favoring the reduction of first-class postage to 2 cents and showing how the present higher rate not only lessens its business but also decreases the revenue received by the Post Office Department; to the Committee on Ways and Means.

9872. Also, House Concurrent Resolution No. 4, as adopted by the Forty-fifth General Assembly of the State of Iowa, asking a moratorium on farm mortgages for at least one year, and that Congress do all in its power to furnish financial relief to farmers who have other than Federal loans coming due this year; to the Committee on Banking and Currency.

9873. By Mr. SHALLENBERGER: Petition of farmers and others of Superior, Nebr., interested in the welfare of agriculture, urging the passage of the Frazier bill or a similar bill which will allow the farmer to borrow money at a more favorable rate of interest; to the Committee on Banking and Currency.

9874. By Mr. STULL: Petition of Moxham Women's Christian Temperance Union, Johnstown, Pa., opposing legislation seeking to nullify, weaken, or repeal the eighteenth amendment and the Volstead Act, and urging adequate appropriations for law enforcement; to the Committee on the Judiciary.

9875. By Mr. SWICK: Petition of Mrs. J. E. Stoops, president, Mrs. R. P. Adams, secretary, Mrs. J. F. Allison, legislative chairman, and members of the Woman's Christian Temperance Union of Slippery Rock, Butler County, Pa., urging Member of Congress to oppose repeal, nullification, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

9876. Also, petition of J. Linwood Eisenberg, chairman, and A. T. Clutton, secretary, of the official board, and members of the Methodist Episcopal Church, Slippery Rock, Butler County, Pa., urging the retention of the eighteenth amendment and observance of the Sabbath; to the Committee on the Judiciary.

9877. By Mr. THOMASON: Petition of property owners of Edwards County, Tex., recommending enactment of legislation providing for refinancing of first-mortgage amortization loans; to the Committee on Banking and Currency.

9878. By Mr. RUDD: Petition of Hon. J. A. Broderick, superintendent of banks, State of New York, opposing the Howard resolution, publishing the list of banks who took loans or arranged for them through the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

9879. By Mr. WATSON: Petition with 77 signatures from members of the Woman's Christian Temperance Union of Yardley, Pa., favoring the stop-alien amendment to the Constitution; to the Committee on the Judiciary.

SENATE

WEDNESDAY, JANUARY 25, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	King	Sheppard
Austin	Dickinson	La Follette	Shipstead
Bailey	Dill	Lewis	Shortridge
Bankhead	Fess	Logan	Smith
Barbour	Fletcher	Long	Smoot
Barkley	Frazier	McGill	Stelwer
Bingham	George	McKellar	Stephens
Black	Glass	McNary	Swanson
Blaine	Glenn	Metcalf	Thomas, Idaho
Borah	Goldsborough	Moses	Thomas, Okla.
Bratton	Gore	Neely	Townsend
Brookhart	Grammer	Norbeck	Trammell
Bulkeley	Hale	Norris	Tydings
Bulow	Harrison	Nye	Vandenberg
Byrnes	Hastings	Oddie	Wagner
Capper	Hatfield	Patterson	Walcott
Caraway	Hayden	Pittman	Walsh, Mass.
Carey	Hebert	Reed	Walsh, Mont.
Connally	Howell	Reynolds	Watson
Coolidge	Hull	Robinson, Ark.	Wheeler
Copeland	Johnson	Robinson, Ind.	White
Costigan	Kean	Russell	
Couzens	Kendrick	Schall	
Cutting	Keyes	Schuyler	

The VICE PRESIDENT. Ninety-three Senators have answered to their names. A quorum is present.

BIRTHDAY OF THE VICE PRESIDENT, CHARLES CURTIS

Mr. WATSON. Mr. President, the Vice President of the United States has arrived at the age of 73. He may not want to have it told, but the hands can not be turned back on the dial of time and the truth must be known. For 40 years—for he was elected to the House in 1892—he has served the people of the country faithfully and well, with great fidelity, with unflinching zeal in the interest of the people as he understood and saw that interest.

I feel quite sure that we do not want this event to pass without expressing to him, as we well may, the feeling of the country universally toward him as an individual and as an official, and that we will all join in wishing for him health, happiness, and prosperity whatever he may do and wherever he may go.

Mr. SHEPPARD. Mr. President, I am sure every Member on this side of the Chamber joins most heartily in the tribute paid to the Vice President by the eloquent Senator from Indiana [Mr. Watson]. I am entirely justified in saying that no man ever came to the Congress of the United States who has made a finer impression on the Congress and the country than our present Vice President.

Mr. WALSH of Massachusetts. Mr. President, the deserved tribute paid by the Senator from Indiana [Mr. Watson] to the Vice President reminds me of an historical event which it seems to me is apropos.

During the time of the French Revolution the mob crowded into the galleries of the Chamber of Deputies and refused to permit the deputies to proceed with the orderly transaction of the public business. The presiding officer again and again sought to restore order and quiet in the chamber. Finally, having exhausted all possible efforts, he noticed seated among the deputies an old gray-haired French hero, a man who had served France as a soldier and a statesman for 50 years. Reaching out his arms the presiding officer said to the wild and excited gallery mob, "Stop! Listen! Fifty years of an honorable and patriotic life speak to you!" The mob was hushed and silenced. I think, in view of the unrest in the world to-day, this illustration is timely. To-day, on the birthday of our honored Vice President, we can salute him and cry out, "Forty years of an honorable, useful, and patriotic life speak to us." Let it inspire and hearten us to follow his devotion to the public service.